



CITY OF BARTOW, FLORIDA
FINANCIAL STATEMENTS AND AUDITORS'
REPORTS

September 30, 2015

CITY OF BARTOW, FLORIDA

September 30, 2015

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MANAGEMENTS' DISCUSSION AND ANALYSIS

City of Bartow
Management's Discussion and Analysis
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The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities. The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify the changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements and independent auditors' report (beginning on Page 1).

Financial Highlights

- The City's assets (plus deferred outflows of resources) exceeded its liabilities (plus deferred inflows of resources) at the close of fiscal year 2015 by \$83,493,254 (net position). Of this amount, \$17,957,382 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$5,281,692 or 6.8% during the year. Net position for governmental activities increased by \$2,240,915 or 11.2%, while the business-type net position increased by \$3,040,777 or 5.2%. In addition, the City decreased the beginning net position of governmental activities by \$8,064,086 and business-type activities by \$2,487,242 in connection with the implementation of Governmental Accounting Standards Board Statements No. 68 and 71 (GASB 68 and 71).
- Total combined revenues resulting from governmental activities and business-type activities increased \$59,323 or 0.1% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities decreased \$2,254,394 or 3.5% when compared to the prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,429,788, an increase of \$3,000,958 or 22.3% for the year.
- The City's business-type activities transferred \$9,916,751 to cover the cost of governmental activities not funded by taxes or user fees. This is the same amount as prior year transfer.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to

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government) and enhance the City's accountability. The Statement of Net Position and Statement of Activities seek to give the user a combined overview of the City's financial position. The financial statements use accrual accounting (which focuses on economic resources) in the government-wide statements, while maintaining modified accrual accounting (which focuses on current financial resources—budget basis) at the fund level (governmental funds only). This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements (pages 4-5) consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, law enforcement, fire control, building and zoning, public works, transportation, library, parks and recreation, and community development. The business-type activities of the City consist of electric, water, wastewater, sanitation, stormwater, information technology and airport services. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense incurred.

The City's Community Redevelopment Agency is shown as a "blended" component unit of the City, which is a governmental unit over which the City can exercise influence and/or may be obligated to provide financial subsidy. Blending refers to the fact that the component unit's funds and balances are combined with those of the primary government for financial reporting. Fiduciary funds, such as pension trust funds, are excluded from the government-wide financial statements as they represent funds legally set aside for use by the employee groups they benefit. Florida law requires municipalities to fund pension plans on an actuarially sound basis, making it important for the user to study the fund financial statements as well as the related notes.

The Statement of Net Position presents information on all the City's assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources), with the difference between the two reported as net position. The focus of the Statement of Net Position (the "unrestricted net position") is designed to be similar to bottom line results for businesses. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net cost of various activities, both governmental and business-type, that are supported by the government's taxes

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and other general revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy by various business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Traditional users of governmental financial statements may find the fund financial statement presentation more familiar.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four separate governmental funds – the General Fund, the Community Redevelopment Agency (CRA) Fund, the Transportation Fund, and the Fire Services Fund. The first two are considered major funds. Information is presented separately for the two major funds in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance on pages 6 and 8, respectively. The Transportation and Fire Services Funds have been combined in the column entitled "non-major governmental funds" on these two statements. Separate schedules of the two non-major funds can be found in the "Other Supplementary Information" section (pages 59-62).

The City adopts an annual appropriated budget each year in September. Budgetary comparison statements have been provided to demonstrate compliance with the budget. These can be found for the General Fund and the CRA Fund on pages 51 and 52 in the "Required Supplementary Information" section.

The basic governmental funds financial statements can be found on pages 6-9 and the presentation is on the current financial resources measurement focus. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are

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established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance for each fund.

Proprietary Funds. The City maintains only one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its electric, water, wastewater, sanitation, information technology, stormwater, and airport activities. The basic proprietary fund financial statements can be found on pages 10-12 of this report. On those pages, the Sanitation, Information Technology, and Stormwater Funds are combined and shown as non-major funds. Combining statements for these three funds can be found in the "Other Supplementary Information" section (pages 63-65). The other proprietary fund type known as internal service funds is an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not presently utilize internal service funds.

Fiduciary Funds. Fiduciary funds are used to account for pension resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 13 and 14 of this report. Combining statements for the individual pension plans can be found on pages 66 and 67 of the "Other Supplementary Information" section.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 15 and continue through page 50.

Infrastructure assets. The City has elected to record and depreciate its infrastructure, rather than use the optional "modified approach". The City's roads, sidewalks and drainage networks were determined to be significant enough to record.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the City's net position was \$83,493,254. The following table reflects a summary of net position compared to the prior year. For additional information, see the Statement of Net Position on page 4.

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**Statement of Net Position (Summary)
As of September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$18,170,762	\$15,456,611	\$43,810,680	\$37,427,497	\$61,981,442	\$52,884,108
Capital assets, net of depreciation	23,609,747	24,075,049	61,982,829	64,816,962	85,592,576	88,892,011
Total assets	41,780,509	39,531,660	105,793,509	102,244,459	147,574,018	141,776,119
Deferred outflows	1,932,352	2,043,891	996,930	1,085,497	2,929,282	3,129,388
Current and other liabilities	1,119,555	1,279,112	8,884,653	7,154,265	10,004,208	8,433,377
Long-term liabilities	19,741,076	20,199,665	36,750,221	38,060,903	56,491,297	58,260,568
Total liabilities	20,860,631	21,478,777	45,634,874	45,215,168	66,495,505	66,693,945
Deferred inflows	514,541				514,541	
Net position:						
Net investment in capital assets	20,688,201	20,891,875	34,006,762	35,321,233	54,694,963	56,213,108
Restricted	3,117,743	2,282,718	7,723,166	6,801,602	10,840,909	9,084,320
Unrestricted (deficit)	(1,468,255)	(3,077,819)	19,425,637	15,991,953	17,957,382	12,914,134
Total net position	\$22,337,689	\$20,096,774	\$61,155,565	\$58,114,788	\$83,493,254	\$78,211,562

* The 2014 information in the above table has been restated due to the implementation of GASB 68 and 71. In addition, \$604,436 in unamortized refunding losses were reclassified from long-term liabilities to deferred outflows for a more meaningful comparison. GASB 68 requires employers who sponsor single-employer pension plans to record the plans' unfunded position (net pension liability) and related deferred inflows/outflows on this Statement of Net Position for the first time. GASB 71 requires that employer pension contributions to these plans be deferred if they fell between the "measurement date" and the "reporting date." The total effect of implementing these two standards was to reduce unrestricted net position by \$10,551,328 as of September 30, 2014 (governmental activities by \$8,064,086 and business-type activities by \$2,487,242). As you can see in the above table, the unrestricted net position for governmental activities went negative as a result.

At September 30, 2015, approximately 65.5% of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding, compared to 71.9% for the prior year. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 13.0 % of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 11.6% in the prior year. The remaining balance of unrestricted net position, \$17,957,382 or 21.5% of the City's net position in 2015 may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$5,043,248 or 39.1% for the year. Total net position of the City has increased by \$5,281,692 or 6.8% for the year.

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Statement of Activities. The 2015 results of operations of the City of Bartow are presented on page 5 in a format that reports the net (expense) or revenues of its individual programs. The following table reflects a summary of the Statement of Activities on page 5, compared to the prior year.

Statement of Activities (Summary)
As of September 30

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 2,578,497	\$ 1,907,559	\$ 52,160,510	\$ 52,581,347	\$ 54,739,007	\$ 54,488,906
Operating grants and contributions	953,517	1,305,046	-	-	953,517	1,305,046
Capital grants and contributions	559,203	423,747	1,717,852	2,181,908	2,277,055	2,605,655
General revenues:						
Property taxes - General	1,773,751	1,748,116	-	-	1,773,751	1,748,116
Property taxes - CRA	728,956	697,248	-	-	728,956	697,248
Pub Svc Tax/Franchise Fees	2,643,214	2,634,552	-	-	2,643,214	2,634,552
Transportation Fuel Taxes	899,718	864,638	-	-	899,718	864,638
State Shared revenue	1,654,689	1,565,595	-	-	1,654,689	1,565,595
Other	492,275	255,051	500,722	438,774	992,997	693,825
Total revenues	12,283,820	11,401,552	54,379,084	55,202,029	66,662,904	66,603,581
Expenses:						
General government	2,900,539	2,887,883	-	-	2,900,539	2,887,883
Law enforcement	5,533,781	5,892,698	-	-	5,533,781	5,892,698
Fire control	2,053,345	2,142,263	-	-	2,053,345	2,142,263
Building and zoning	392,046	412,858	-	-	392,046	412,858
Public works	1,274,624	1,171,825	-	-	1,274,624	1,171,825
Transportation	1,286,689	1,345,252	-	-	1,286,689	1,345,252
Library	1,166,679	1,170,919	-	-	1,166,679	1,170,919
Parks and recreation	4,831,232	4,848,809	-	-	4,831,232	4,848,809
Community redevelopment	445,992	467,771	-	-	445,992	467,771
Interest on long-term debt	74,729	221,793	-	-	74,729	221,793
Electric	-	-	25,694,877	26,988,931	25,694,877	26,988,931
Water	-	-	4,252,210	4,358,412	4,252,210	4,358,412
Wastewater	-	-	3,776,068	3,779,323	3,776,068	3,779,323
Sanitation	-	-	2,518,105	2,767,385	2,518,105	2,767,385
Stormwater	-	-	558,158	551,537	558,158	551,537
Information Technology	-	-	238,717	247,071	238,717	247,071
Airport	-	-	4,383,421	4,380,876	4,383,421	4,380,876
Total expenses	19,959,656	20,562,071	41,421,556	43,073,535	61,381,212	63,635,606
Increase (decrease) in net position						
before transfers	(7,675,836)	(9,160,519)	12,957,528	12,128,494	5,281,692	2,967,975
Transfers	9,916,751	9,916,751	(9,916,751)	(9,916,751)	-	-
Increase (decrease) in net position	2,240,915	756,232	3,040,777	2,211,743	5,281,692	2,967,975
Net position - Beginning (restated)	20,096,774	27,404,628	58,114,788	58,390,287	78,211,562	85,794,915
Net position - Ending	\$ 22,337,689	\$ 28,160,860	\$ 61,155,565	\$ 60,602,030	\$ 83,493,254	\$ 88,762,890

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Governmental activities

On the actual Statement of Activities on page 5, general revenues including transfers are reported separately after the total net expenses of the City's functions, ultimately arriving at the "increase (decrease) in net position" for the years. The City has in place fees and charges that are designed to recover in part or in whole the cost of providing services. Florida case law prevents recovery of more than the cost of services provided, except for proprietary activities. In 2015, operating grants and contributions were received for general government, law enforcement, fire control, library, and parks & recreation. In 2015, capital grants and contributions were received for general government, transportation and parks & recreation.

During 2015, governmental activities net position increased by \$2,240,915 compared to an increase in 2014 of \$756,232, a net improvement of \$1,484,683. However, this required transfers from business-type activities of \$9,916,751 in both years, to achieve these modest results. This over-reliance on business-type activities to fund governmental activities is not a favorable situation. Overall, total revenues-governmental activities are up \$882,268 or 7.7%, total expenses are down \$602,415 or 2.9%, and transfers are unchanged. Following are key changes in the statement of activities from 2014 to 2015:

- A good portion of the \$670,938 increase in charges for services (\$509,671) is offset by a similar reduction in operating grants and contributions due to a change in classification of the City's fire assessment revenues in the Statement.
- Capital grants and contributions are up \$135,456 or 32.0% in 2015 compared to 2014, primarily impact fees and new capital grants.
- Property taxes are up \$57,343 or 2.3% in 2015 compared to 2014. The City's millage rate decreased slightly from 3.9960 in 2014 to 3.9075 in 2015, but valuations were up in the City as a whole due to the continued improvement in the economy.
- Remaining program and general revenues were up \$689,469 for various reasons.

On the expense side:

- Law enforcement expenses are down \$358,917 or 6.1%. The majority of this difference (\$317,833) is attributable to the change in accounting for pension costs because of GASB 68 and 71.
- Remaining program expenses decreased by \$243,498. The change in accounting for pension costs related to these other programs was \$269,370.

The extent of governmental fund reliance on proprietary fund transfers emphasizes the need for tighter controls on governmental fund spending. Slight fluctuations in the weather have a substantial impact on utility revenues and the ultimate transfers to support governmental activities. Growing personnel and operating costs in the service-oriented governmental funds

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make it difficult to adapt quickly to fluctuating utility revenues and profit margins. This lack of flexibility emphasizes the need for increased reserves and controlling costs.

Business-type activities

Business-type activities experienced an increase in net position of \$3,040,777 compared to an increase of \$2,211,743 in the prior year, an improvement of \$829,034. This is after the transfer supporting governmental activities discussed above.

Revenues are down \$822,945 or 1.5% from 2014 to 2015, but expenses are down \$1,651,979 or 3.8%. Power costs in the City's Electric Fund are down \$1,165,511, and represent a good part of the total reduction in expenses. The City actually purchased more kilowatt hours, but fuel prices were down in 2015 which more than offset the increased consumption. And because the City uses a power cost adjustment in its retail electric rates, those fuel cost reductions were passed on to the City's customers, causing revenues to drop by a similar amount.

But as stated above, revenues were down only \$822,945, so revenues actually increased in other areas. The improvement in the bottom line represents a real improvement in operating results. Operating income for all business-type activities is up \$1,053,920 or 9.7% for the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The fund financial statements for the governmental funds can be found on pages 6 and 8. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the General Fund and the Community Redevelopment Agency as major governmental funds.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$16,429,788. Of this amount, \$711,273 or 4.3% is non-spendable, \$3,108,115 or 18.9% is legally restricted for specific purposes, \$171,741 or 1.0% has been assigned by the City Commission for fire services, and \$12,438,659 or 75.7% is unassigned and available for spending at the City's discretion. Following is a discussion of individual major governmental funds.

General Fund. The General Fund is the chief operating fund of the City. At year end, unassigned fund balance of the General Fund totaled \$12,438,659, and total fund balance was \$13,373,426. This represents 78.3% and 84.2% respectively, of total General Fund expenditures for the year ended September 30, 2015.

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In the General Fund, the change in fund balance for the year improved from an increase of \$1,265,946 in 2014 to an increase of \$1,682,192 in 2015, an improvement of \$416,246. Following is a summary of the changes from 2014 to 2015:

- Revenues are up \$693,462 or 7.9%. The revenue categories that are up the most are intergovernmental revenue, which is up \$336,257 or 16.5% and "other" revenue, which is up \$223,432 or 44.3%. The increase in intergovernmental revenue includes both grants and state shared revenues. The increase in other revenue is various items.
- Expenses are down \$133,508 or 0.8%. The expenditure categories that changed the most include physical environment (public works), which is up \$509,334 or 69.5% and debt service, which is down \$514,909 or 79.8%. Public works is up because of major building repairs and improvements. Debt service is down because 2014 included the payoff of the cemetery property loan. Personal services (salaries and benefits) actually decreased for the year in the general fund.
- Transfers out to the Fire Services Fund increased from \$1,405,725 in 2014 to \$2,073,690 in 2015, and other financing sources increased by \$257,241, mostly one-time insurance proceeds.

The Community Redevelopment Agency. The Community Redevelopment Agency (CRA) was created by City Ordinance No. 1547 pursuant to Florida Statutes Chapter 163. To satisfy the requirements of Section 163.387(8) of the Florida Statutes, the CRA is included in the primary government's report as a major fund. The CRA receives the incremental ad valorem taxes from the County and the City, generated by the increase in property values within the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA board consists of seven citizens appointed by the City Commission.

At year end, restricted fund balance in the CRA Fund totaled \$765,329. The change in fund balance for the year improved from an increase of \$129,473 in 2014 to an increase of \$167,717 in 2015, an improvement of \$38,244. Following is a summary of the changes from 2014 to 2015:

- Revenues are up \$35,342 or 5.0%, mostly property taxes, the result of increased property values within the CRA's geographic boundaries.
- Expenditures were down \$2,902 or 0.5%.

Proprietary Funds. The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but presented by fund, and in more detail. The City's proprietary funds consist of seven enterprise funds. The financial statements for the four major enterprise funds can be found on pages 10-12. The financial statements for the three non-major enterprise funds can be found on pages 63-65. An overall

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picture of the operating results of the combined enterprise funds was addressed above in the discussion of the City's business-type activities. Following are the highlights of the changes from 2014 to 2015, by major fund:

- In the Electric Fund, the change in net position improved from an increase of \$298,193 in 2014 to an increase of \$1,209,250 in 2015, an improvement of \$911,057. The improvement was attributable to increased sales and other revenues, and reduced expenses.
- In the Water Fund, the change in net position improved from a decrease of \$202,450 in 2014 to an increase of \$595,458 in 2015, an improvement of \$797,908. Charges for services increased by \$195,100 or 4.8%; mostly due to an annual rate increase. Capital contributions (impact fees and grants) also increased \$235,792. Expenses decreased \$106,202 or 2.4% (mostly interest), and \$250,000 was transferred to the General Fund in 2014, but none in 2015.
- In the Wastewater Fund, the change in net position improved from an increase of \$945,303 in 2014 to an increase of \$1,110,718 in 2015, an improvement of \$165,415. Charges for services increased by \$59,593 or 1.3% (the City did not change wastewater rates in 2015 or 2014). Capital contributions (impact fees and grants) also increased \$336,775. Expenses decreased \$3,255 or 0.1%, and \$600,000 was transferred to the General Fund in 2015, where only \$350,000 was transferred in 2014.
- In the Airport Fund, the change in net position was significantly lowered from an increase of \$722,121 in 2014 to a decrease of \$454,686 in 2015, a deterioration of \$1,176,807. Charges for services decreased by \$109,987 or 3.0%, and expenses decreased \$2,545 or 0.1%. The main change was a reduction in capital grants of \$1,071,623.
- In the combined Non-Major Funds, the change in net position improved from an increase of \$448,576 in 2014 to an increase of \$580,037 in 2015, an improvement of \$131,461. Operating revenues decreased by \$123,668 or 3.1%, but expenses decreased \$251,013 or 7.0%. Combining statements can be found on pages 63-65 under the "Other Supplementary Information" section of the financial statements.

Fiduciary Funds. The City uses Fiduciary Funds to report assets held in a trustee or agency capacity that are, therefore, not available to support City programs. The City maintains three single-employer defined benefit pension plans for its employees. The combined balances and activity in the general, fire, and police pensions are presented in the fiduciary fund financial statements found on pages 13 and 14 of the Financial Section of this report.

The three pension plans held \$45,042,225 of net assets in trust for pension benefits at September 30, 2015. This is an increase of \$303,856 or 0.7% for the year. The combined funds reported net investment losses of \$527,639 for 2015. For separate financial statements of each plan, see pages 66-67. For additional disclosures, see Note 9 on pages 40-44.

City of Bartow
Management's Discussion and Analysis
September 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual to budget comparison can be found on page 51. As shown on that page, the original 2015 General Fund budget anticipated using \$575,610 of beginning fund balance during 2015. Amendments to the original budget during 2015 increased anticipated revenues and reduced anticipated expenditures, resulting in a projected surplus (final budget) of \$1,357,246, and included the following:

- The original budget for revenues and other financing sources was increased by \$925,769. Amendments included increases in intergovernmental revenues of \$248,383 (mostly grants), and increases in “other” revenues and “other sources” of \$445,203 (various).
- The original budget for expenditures and transfers out was reduced by \$1,007,087. Amendments included reductions to the general government budget totaling \$884,440 (mostly commission, city manager and internal audit), reductions to the culture/recreation budget totaling \$395,097, and increases to the physical environment (public works) budget of \$197,327.

As shown on page 51, actual results for 2015 added \$1,682,192 to beginning fund balance, and were \$324,946 better than the final budget discussed above. Actual revenues came in \$52,376 or 0.6% better than the final amended budget. No single category was significantly over or under budget. Expenditures came in \$272,570 or 1.7% lower than the final amended budget, spread across all departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets includes land, buildings and improvements, infrastructure, and equipment, net of accumulated depreciation. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, totals \$85,592,576 (net of accumulated depreciation), a decrease of \$3,299,435 for the current year. Governmental net additions were \$945,878 and depreciation was \$1,411,180 for a net decrease of \$465,302. Business-type net additions were \$1,450,641 and depreciation was \$4,284,774, for a net decrease of \$2,834,133. Following is a schedule of capital assets at the end of the current and prior year:

**City of Bartow
Management's Discussion and Analysis
September 30, 2015**

Capital Assets at September 30 (net of depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,637,638	\$ 5,617,735	\$ 1,662,582	\$ 1,662,582	\$ 7,300,220	\$ 7,280,317
Buildings and Improvements	14,854,383	14,558,980	122,222,006	121,355,978	137,076,389	135,914,958
Equipment	6,214,253	5,971,431	10,168,343	10,027,837	16,382,596	15,999,268
Infrastructure	29,670,873	29,670,873	-	-	29,670,873	29,670,873
Accumulated Depreciation	(33,137,359)	(31,914,393)	(72,914,831)	(68,641,070)	(106,052,190)	(100,555,463)
Construction in process	369,959	170,423	844,729	411,635	1,214,688	582,058
Total	\$23,609,747	\$24,075,049	\$61,982,829	\$64,816,962	\$ 85,592,576	\$ 88,892,011

Capital asset net additions during 2015 included the following:

Governmental Activities:

- Vehicles - \$106,724
- Golf carts and equipment - \$87,482
- Other equipment - \$68,965
- Various improvements - \$682,707

Business-type Activities:

- Electric fund - \$282,304
- Water fund - \$122,617
- Wastewater fund - \$371,380
- Airport fund - \$503,129
- Sanitation fund - \$1,425
- Stormwater fund - \$169,786

Additional information on the City's capital assets can be found in Note 6 on pages 33-34 of the Notes to the Financial Statements.

Long-term obligations. At the end of the current fiscal year, the City's long-term obligations totaled \$55,952,439 compared to \$57,656,132 at the end of 2014 (restated to include the net pension liability under GASB 68). Long-term obligations include long-term debt and other obligations. Long-term debt consists of bonds and notes.

At the end of the current fiscal year, the City's long-term debt totaled \$32,824,852, compared to \$34,606,141 at the end of 2014, a reduction of \$1,781,289. Of the year-end balance, \$2,921,545 was in governmental activities and \$29,903,307 was in business-type activities. The entire reduction in long-term debt for 2015 was attributable to scheduled principal payments or amortization of bond discounts. There was no new debt issued in 2015. Scheduled principal payments were \$261,629 in governmental activities and \$1,597,333 in business-type activities. Amortization of discounts in business-type activities was \$77,673 in 2015.

City of Bartow
Management's Discussion and Analysis
September 30, 2015

Long-term obligations consist of obligations related to workers compensation claims, other post-employment benefits (OPEB), accrued compensated absences and net pension liabilities. At the end of the current fiscal year, the City's long-term obligations totaled \$23,127,587 compared to \$23,049,991 at the end of 2014 (restated to include the net pension liability under GASB 68). Of the year-end balance, \$16,819,531 was in governmental activities and \$6,308,056 was in business-type activities. The net OPEB obligation increased by \$1,508,891 during 2015 and the net pension liability decreased by \$1,341,241.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET AND RATES

Factors considered in preparing the City's 2015-16 fiscal year budget were:

- The unemployment rate for the Central Florida area as of October 2015 was 5.9% compared to 5.1% state-wide and 4.8% nationally.
- The operating millage rate for the 2015-2016 fiscal year was decreased from \$3.9075 to \$3.8387 per \$1000 of taxable value.
- The taxable value of commercial and residential property increased \$28,038,996, or 5.18% in the 2015 tax year. This is 26.00% below the point at which City property values peaked seven years ago.
- The Fire Assessment, enacted in 2009, was set at a level to recover 25% of the cost of fire services.
- Water rates will increase 4.13% beginning October 2015. Sewer rates will remain unchanged. Annual adjustments have been preset through the fiscal year ending September 30, 2016.
- There were no changes to electric or solid waste rates.
- Stormwater rates were increased slightly for the first time in 10 years following an engineering study.
- The City has relied on attrition to reduce its workforce. Some positions have been permanently abolished and those changes were incorporated into the budget.
- This budget continues to reflect the City's Strategic Plan which relies on the prioritization of City services to allocate resources.
- The City's population has once again remained constant at approximately 17,637 in 2015. No material increase or decrease in population is expected for the 2015-2016 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide users with a general overview of the City of Bartow's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P. O. Box 1069, Bartow, Florida 33831 or telephone (863) 534-0100. You can also access our website at www.cityofbartow.net.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bartow, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the police officers' pension plan or the firefighters' pension plan, which represent 44% and 17%, respectively, of the assets and expenditures/deductions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the police officers' pension plan and the firefighters' pension plan, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the police officers' pension plan and the firefighters' pension plan were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditors' Responsibility (Concluded)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standards

As discussed in Note 14 to the financial statements, during the current year the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*. These statements require for the first time, that employers participating in defined benefit pension plans, report the net pension liability and related deferred inflows/outflows related to those plans, on their statements of net position. In connection with the implementation of these statements, the City decreased its beginning net position in governmental activities by \$8,064,086 and in business-type activities by \$2,487,242. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents (collectively, the required supplementary information), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

The other supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 18, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Durvis, Gray and Company, LLP

April 18, 2016
Sarasota, Florida

CITY OF BARTOW, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
as of September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and cash equivalents	\$ 14,972,535	\$ 22,761,370	\$ 37,733,905
Investment securities		600,000	600,000
Receivables, current:			
Customer accounts, net	288,783	5,884,662	6,173,445
Intergovernmental and other	613,803	363,525	977,328
Notes receivable, net	9,628	-	9,628
Inventories and prepaids	701,645	1,384,526	2,086,171
Restricted assets:			
Equity in pooled cash and cash equivalents	1,515,983	12,635,989	14,151,972
Customer receivable	68,385	180,608	248,993
Capital assets:			
Non-depreciable	6,007,597	2,507,311	8,514,908
Depreciable, net	17,602,150	59,475,518	77,077,668
TOTAL ASSETS	41,780,509	105,793,509	147,574,018
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,932,352	458,072	2,390,424
Deferred charge on refunding	-	538,858	538,858
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,932,352	996,930	2,929,282
LIABILITIES			
Accounts payable and accrued expenses	555,669	2,662,440	3,218,109
Accrued wages	402,872	137,149	540,021
Deposits	-	44,385	44,385
Accrued interest payable	25,085	474,844	499,929
Due to other governments	133,205	-	133,205
Unearned revenue	2,724	2,913,053	2,915,777
Customer deposits	-	2,652,782	2,652,782
Long-term obligations:			
Due within one year	315,299	1,693,425	2,008,724
Due in more than one year	19,425,777	35,056,796	54,482,573
TOTAL LIABILITIES	20,860,631	45,634,874	66,495,505
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	514,541	-	514,541
TOTAL DEFERRED INFLOWS OF RESOURCES	514,541	-	514,541
NET POSITION			
Net investment in capital assets	20,688,201	34,006,762	54,694,963
Restricted for:			
General government facilities	701,185	-	701,185
Community redevelopment	765,329	-	765,329
Transportation	1,592,749	-	1,592,749
Municipal Airport activities	-	2,449,057	2,449,057
Debt service	58,480	1,188,786	1,247,266
Water and wastewater improvements	-	4,085,323	4,085,323
Unrestricted	(1,468,255)	19,425,637	17,957,382
TOTAL NET POSITION	\$ 22,337,689	\$ 61,155,565	\$ 83,493,254

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2015

FUNCTIONS/PROGRAMS:	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 3,702,299	\$ (801,760)	\$ 50,130	\$ 20,242	\$ 276,570	\$ (2,553,597)	\$ -	\$ (2,553,597)
Law enforcement	5,533,781	-	101,426	201,644	-	(5,230,711)	-	(5,230,711)
Fire control	2,053,345	-	624,935	1,800	-	(1,426,610)	-	(1,426,610)
Building and zoning	392,046	-	327,270	-	-	(64,776)	-	(64,776)
Public works	1,304,732	(30,108)	-	-	-	(1,274,624)	-	(1,274,624)
Transportation	1,286,689	-	128,680	-	200,908	(957,101)	-	(957,101)
Library	1,166,679	-	19,411	534,634	-	(612,634)	-	(612,634)
Parks and recreation	4,831,232	-	1,326,545	195,197	81,725	(3,227,765)	-	(3,227,765)
Community development	445,992	-	100	-	-	(445,892)	-	(445,892)
Interest on long-term debt	74,729	-	-	-	-	(74,729)	-	(74,729)
Total governmental activities	20,791,524	(831,868)	2,578,497	953,517	559,203	(15,868,439)	-	(15,868,439)
Business-type activities:								
Electric	25,390,508	304,369	35,871,975	-	35,000	-	10,212,098	10,212,098
Water	4,100,761	151,449	4,284,362	-	476,961	-	509,113	509,113
Wastewater	3,624,958	151,110	4,613,547	-	817,961	-	1,655,440	1,655,440
Sanitation	2,382,310	135,795	3,040,713	-	-	-	522,608	522,608
Stormwater	507,778	50,380	637,187	-	-	-	79,029	79,029
Information technology	199,952	38,765	193,567	-	-	-	(45,150)	(45,150)
Airport	4,383,421	-	3,519,159	-	387,930	-	(476,332)	(476,332)
Total business-type activities	40,589,688	831,868	52,160,510	-	1,717,852	-	12,456,806	12,456,806
TOTAL PRIMARY GOVERNMENT	\$ 61,381,212	\$ -	\$ 54,739,007	\$ 953,517	\$ 2,277,055	(15,868,439)	12,456,806	(3,411,633)
GENERAL REVENUES:								
Taxes:								
Property taxes levied for general purposes						1,773,751	-	1,773,751
Property taxes levied for community redevelopment purposes						728,956	-	728,956
Public service taxes and franchise fees						2,643,214	-	2,643,214
Fuel taxes levied for transportation purposes						899,718	-	899,718
State shared revenue						1,654,689	-	1,654,689
Investment earnings						54,361	101,649	156,010
Gain on disposal of capital assets						24,362	-	24,362
Miscellaneous						413,552	399,073	812,625
Transfers						9,916,751	(9,916,751)	-
Total general revenues, special items, and transfers						18,109,354	(9,416,029)	8,693,325
Change in net position						2,240,915	3,040,777	5,281,692
NET POSITION - beginning of year, as originally reported						28,160,860	60,602,030	88,762,890
Adoption of GASB Statement No. 68 and 71						(8,064,086)	(2,487,242)	(10,551,328)
NET POSITION - beginning of year, as restated						20,096,774	58,114,788	78,211,562
NET POSITION - end of year						\$ 22,337,689	\$ 61,155,565	\$ 83,493,254

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
as of September 30, 2015

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
ASSETS				
Equity in pooled cash and cash equivalents	\$ 13,245,490	\$ 762,878	\$ 964,167	\$ 14,972,535
Receivables, net				
Customer accounts, net	288,758	-	25	288,783
Intergovernmental and other	446,905	-	166,898	613,803
Notes receivable	-	9,628	-	9,628
Inventory and prepaid expenses	175,102	-	526,543	701,645
Restricted assets:				
Cash and cash equivalents	759,665	-	756,318	1,515,983
Customer receivables	29,743	-	38,642	68,385
TOTAL ASSETS	<u>\$ 14,945,663</u>	<u>\$ 772,506</u>	<u>\$ 2,452,593</u>	<u>\$ 18,170,762</u>
LIABILITIES				
Accounts payable	\$ 466,867	\$ 7,177	\$ 81,625	\$ 555,669
Accrued payroll	361,579	-	41,293	402,872
Accrued claims payable	525,340	-	-	525,340
Due to other governments	133,205	-	-	133,205
Unearned revenues	2,724	-	-	2,724
TOTAL LIABILITIES	<u>1,489,715</u>	<u>7,177</u>	<u>122,918</u>	<u>1,619,810</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	82,522	-	38,642	121,164
FUND BALANCE				
Non-spendable:				
Inventory	157,878	-	-	157,878
Prepays	17,224	-	526,543	543,767
Notes receivable	-	9,628	-	9,628
Restricted for:				
Transportation improvements	-	-	756,318	756,318
Transportation activities	-	-	836,431	836,431
Debt service	58,480	-	-	58,480
Facilities improvements	701,185	-	-	701,185
Redevelopment	-	755,701	-	755,701
Assigned for:				
Fire services	-	-	171,741	171,741
Unassigned	12,438,659	-	-	12,438,659
TOTAL FUND BALANCE	<u>13,373,426</u>	<u>765,329</u>	<u>2,291,033</u>	<u>16,429,788</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 14,945,663</u>	<u>\$ 772,506</u>	<u>\$ 2,452,593</u>	<u>\$ 18,170,762</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
as of September 30, 2015

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 16,429,788
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	23,609,747
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities	121,164
Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	1,932,352
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(514,541)
Long-term liabilities (including estimated workers' compensation claims, compensated absences liability, OPEB obligation, and net pension liability and excluding the portion of the workers' compensation claims payable reported as a liability at the fund level) are not due and payable in the current period and therefore are not reported in the governmental funds:	
This is the amount of the long-term obligations	(19,741,076)
This is the amount of workers' comp liability recorded at the fund level	525,340
Interest payable	<u>(25,085)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,337,689</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
for the year ended September 30, 2015

	General Fund	Community Redevelopment Agency	Non-major Governmental Funds	Total
REVENUES:				
Taxes	\$ 4,415,632	\$ 728,956	\$ 899,718	\$ 6,044,306
Licenses and permits	322,858	-	-	322,858
Intergovernmental revenue	2,371,887	-	239,711	2,611,598
Charges for services	1,529,879	100	669,580	2,199,559
Fines and forfeitures	97,592	-	650	98,242
Other	728,295	7,175	201,832	937,302
Total revenues	<u>9,466,143</u>	<u>736,231</u>	<u>2,011,491</u>	<u>12,213,865</u>
EXPENDITURES:				
General government	2,758,076	-	-	2,758,076
Public safety	5,534,727	-	2,058,507	7,593,234
Physical environment	1,242,583	-	-	1,242,583
Economic environment	188,224	358,500	-	546,724
Transportation	-	-	735,164	735,164
Culture/recreation	5,213,287	-	-	5,213,287
Capital outlay	819,159	-	140,461	959,620
Debt service	130,600	210,014	-	340,614
Total expenditures	<u>15,886,656</u>	<u>568,514</u>	<u>2,934,132</u>	<u>19,389,302</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,420,513)</u>	<u>167,717</u>	<u>(922,641)</u>	<u>(7,175,437)</u>
OTHER FINANCING SOURCES (USES):				
Insurance recoveries	259,644	-	-	259,644
Transfers (out)	(2,073,690)	-	-	(2,073,690)
Transfers in	9,916,751	-	2,073,690	11,990,441
Total other financing sources (uses)	<u>8,102,705</u>	<u>-</u>	<u>2,073,690</u>	<u>10,176,395</u>
NET CHANGE IN FUND BALANCE	1,682,192	167,717	1,151,049	3,000,958
FUND BALANCE, beginning of year	<u>11,691,234</u>	<u>597,612</u>	<u>1,139,984</u>	<u>13,428,830</u>
FUND BALANCE, end of year	<u>\$ 13,373,426</u>	<u>\$ 765,329</u>	<u>\$ 2,291,033</u>	<u>\$ 16,429,788</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
for the year ended September 30, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,000,958

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

This is the amount of capital asset additions in the current period	945,878
This is the amount of depreciation recorded in the current period	(1,411,180)
This is the book value of dispositions recorded in the current period	-

Revenues not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities

This represents the change caused by the "availability" criterion	(44,505)
---	----------

Long-term obligations are reported in the government-wide statement of net position as liabilities, but not at the fund level as they do not require the use of current financial resources and therefore are reported as revenues when received and expenditures when paid:

This amount represents long-term debt repayments and premium amortization	261,629
This amount represents the change in accrued interest payable	3,898
This amount represents the change in compensated absence liability	(43,636)
This amount represents the change in OPEB obligation	(1,059,330)

Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:

This amount represents the change in deferred inflows related to pensions	(514,541)
This amount represents the change in deferred outflows related to pensions	(111,539)
This amount represents the change in the net pension liability	1,213,283

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,240,915

CITY OF BARTOW, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
as of September 30, 2015

	Business Type Activities - Enterprise Funds					Total
	Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Non-Major Funds	
ASSETS						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 9,867,720	\$ 3,051,747	\$ 4,100,964	\$ 3,491,701	\$ 2,249,238	\$ 22,761,370
Investment securities	-	600,000	-	-	-	600,000
Receivables, net						
Customers	4,487,636	457,699	555,989	32,601	350,737	5,884,662
Intergovernmental and other	-	-	116,764	246,761	-	363,525
Inventory and prepaids	1,139,688	123,906	13,301	73,276	34,355	1,384,526
Total current assets	<u>15,495,044</u>	<u>4,233,352</u>	<u>4,787,018</u>	<u>3,844,339</u>	<u>2,634,330</u>	<u>30,994,083</u>
Noncurrent assets:						
Restricted assets:						
Equity in pooled cash and cash equivalents	2,457,018	5,411,160	4,767,811	-	-	12,635,989
Customer receivable	-	104,436	76,172	-	-	180,608
Capital assets, net						
Non-depreciable	329,762	479,035	373,390	1,111,939	213,185	2,507,311
Depreciable	9,642,788	14,734,714	16,955,706	14,980,122	3,162,188	59,475,518
Total noncurrent assets	<u>12,429,568</u>	<u>20,729,345</u>	<u>22,173,079</u>	<u>16,092,061</u>	<u>3,375,373</u>	<u>74,799,426</u>
TOTAL ASSETS	<u>27,924,612</u>	<u>24,962,697</u>	<u>26,960,097</u>	<u>19,936,400</u>	<u>6,009,703</u>	<u>105,793,509</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	208,221	76,754	61,665	-	111,432	458,072
Deferred charge on refunding	-	538,858	-	-	-	538,858
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>208,221</u>	<u>615,612</u>	<u>61,665</u>	<u>-</u>	<u>111,432</u>	<u>996,930</u>
LIABILITIES						
Current liabilities:						
Accounts payable	2,232,802	27,319	36,238	288,292	77,789	2,662,440
Accrued wages	59,507	20,109	17,333	14,994	25,206	137,149
Deposits	-	44,385	-	-	-	44,385
Unearned revenues	-	-	2,766,698	146,355	-	2,913,053
Bonds and notes payable, current portion	148,780	1,135,919	408,726	-	-	1,693,425
Total current liabilities	<u>2,441,089</u>	<u>1,227,732</u>	<u>3,228,995</u>	<u>449,641</u>	<u>102,995</u>	<u>7,450,452</u>
Noncurrent liabilities:						
Compensated absences	379,582	141,196	124,859	147,518	86,762	879,917
OPEB obligation	683,627	391,302	447,369	533,574	531,922	2,587,794
Net pension liability	1,291,106	475,925	382,366	-	690,948	2,840,345
Payable from restricted assets:						
Accrued interest payable	7,277	441,970	25,597	-	-	474,844
Customer deposits	2,388,233	-	-	264,549	-	2,652,782
Bonds and notes payable, noncurrent portion	820,897	20,834,227	7,093,616	-	-	28,748,740
Total noncurrent liabilities	<u>5,570,722</u>	<u>22,284,620</u>	<u>8,073,807</u>	<u>945,641</u>	<u>1,309,632</u>	<u>38,184,422</u>
TOTAL LIABILITIES	<u>8,011,811</u>	<u>23,512,352</u>	<u>11,302,802</u>	<u>1,395,282</u>	<u>1,412,627</u>	<u>45,634,874</u>
NET POSITION						
Net investment in capital assets	9,002,873	(4,290,299)	9,826,754	16,092,061	3,375,373	34,006,762
Restricted for:						
Utility system improvements (expendable)	-	2,098,636	1,986,687	-	-	4,085,323
Debt service	68,786	1,055,000	65,000	-	-	1,188,786
Unrestricted	11,049,363	3,202,620	3,840,519	2,449,057	1,333,135	21,874,694
TOTAL NET POSITION	<u>\$ 20,121,022</u>	<u>\$ 2,065,957</u>	<u>\$ 15,718,960</u>	<u>\$ 18,541,118</u>	<u>\$ 4,708,508</u>	<u>\$ 61,155,565</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
for the year ended September 30, 2015

	Business Type Activities - Enterprise Funds					Total
	Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Non-Major Funds	
OPERATING REVENUES:						
Charges for services	\$ 35,871,975	\$ 4,284,362	\$ 4,613,547	\$ 3,519,159	\$ 3,871,467	\$ 52,160,510
Total operating income	<u>35,871,975</u>	<u>4,284,362</u>	<u>4,613,547</u>	<u>3,519,159</u>	<u>3,871,467</u>	<u>52,160,510</u>
OPERATING EXPENSES:						
Personal services	2,299,843	770,082	687,151	1,207,378	1,161,490	6,125,944
Purchased power	20,171,676	-	-	-	-	20,171,676
Operating expenses	2,361,868	1,703,861	1,745,868	2,047,389	1,814,728	9,673,714
Depreciation	836,093	808,226	1,173,619	1,128,654	338,182	4,284,774
Total operating expenses	<u>25,669,480</u>	<u>3,282,169</u>	<u>3,606,638</u>	<u>4,383,421</u>	<u>3,314,400</u>	<u>40,256,108</u>
OPERATING INCOME (LOSS)	<u>10,202,495</u>	<u>1,002,193</u>	<u>1,006,909</u>	<u>(864,262)</u>	<u>557,067</u>	<u>11,904,402</u>
NONOPERATING REVENUE (EXPENSE):						
Interest revenue	30,248	29,414	18,719	19,926	3,342	101,649
Interest expense	(25,397)	(970,041)	(169,430)	-	(580)	(1,165,448)
Other, net	283,655	56,931	36,559	1,720	20,208	399,073
Total nonoperating revenues (expenses)	<u>288,506</u>	<u>(883,696)</u>	<u>(114,152)</u>	<u>21,646</u>	<u>22,970</u>	<u>(664,726)</u>
Income (loss) before contributions and transfers	<u>10,491,001</u>	<u>118,497</u>	<u>892,757</u>	<u>(842,616)</u>	<u>580,037</u>	<u>11,239,676</u>
CAPITAL CONTRIBUTIONS						
Capital contributions	35,000	87,393	515,687	387,930	-	1,026,010
Impact fees	-	389,568	302,274	-	-	691,842
Total capital contributions	<u>35,000</u>	<u>476,961</u>	<u>817,961</u>	<u>387,930</u>	<u>-</u>	<u>1,717,852</u>
TRANSFERS IN (OUT)	<u>(9,316,751)</u>	<u>-</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>(9,916,751)</u>
Change in net position	<u>1,209,250</u>	<u>595,458</u>	<u>1,110,718</u>	<u>(454,686)</u>	<u>580,037</u>	<u>3,040,777</u>
NET POSITION - beginning of year, as originally reported	20,042,372	1,887,258	14,943,073	18,995,804	4,733,523	60,602,030
Implementation of GASB 68 and 71	<u>(1,130,600)</u>	<u>(416,759)</u>	<u>(334,831)</u>	<u>-</u>	<u>(605,052)</u>	<u>(2,487,242)</u>
NET POSITION - beginning of year, as restated	<u>18,911,772</u>	<u>1,470,499</u>	<u>14,608,242</u>	<u>18,995,804</u>	<u>4,128,471</u>	<u>58,114,788</u>
NET POSITION - end of year	<u>\$ 20,121,022</u>	<u>\$ 2,065,957</u>	<u>\$ 15,718,960</u>	<u>\$ 18,541,118</u>	<u>\$ 4,708,508</u>	<u>\$ 61,155,565</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the year ended September 30, 2015

	Business Type Activities - Enterprise Funds					Total
	Electric Fund	Water Fund	Waste water Fund	Airport Fund	Non-Major Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 36,113,156	\$ 4,288,092	\$ 4,646,374	\$ 3,533,607	\$ 3,869,825	\$ 52,451,054
Payments to suppliers	(22,482,735)	(1,707,579)	(1,733,459)	(2,036,177)	(1,885,516)	(29,845,466)
Payments for salaries and benefits	(2,214,466)	(717,846)	(634,343)	(1,205,290)	(1,084,890)	(5,856,835)
Net cash flows from operating activities	<u>11,415,955</u>	<u>1,862,667</u>	<u>2,278,572</u>	<u>292,140</u>	<u>899,419</u>	<u>16,748,753</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in deposits	172,717	44,385	-	714	-	217,816
Transfers (to) from other funds	(9,316,751)	-	(600,000)	-	-	(9,916,751)
Net cash flows from noncapital financing activities	<u>(9,144,034)</u>	<u>44,385</u>	<u>(600,000)</u>	<u>714</u>	<u>-</u>	<u>(9,698,935)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets, net of related payables	(282,304)	(127,024)	(371,380)	(277,347)	(171,211)	(1,229,266)
Principal paid on notes, bonds and lease obligations	(64,859)	(1,081,000)	(399,933)	-	(51,541)	(1,597,333)
Interest paid on borrowings and other debt costs	(26,325)	(913,593)	(170,838)	-	(580)	(1,111,336)
Capital contributions and impact fees received, net of receivables	35,000	476,961	2,084,546	160,121	-	2,756,628
Net cash flows from capital and related financing activities	<u>(338,488)</u>	<u>(1,644,656)</u>	<u>1,142,395</u>	<u>(117,226)</u>	<u>(223,332)</u>	<u>(1,181,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Other income	288,062	56,931	36,559	1,720	20,208	403,480
Interest on invested funds	30,248	22,417	13,615	19,926	3,342	89,548
Net cash flows from investing activities	<u>318,310</u>	<u>79,348</u>	<u>50,174</u>	<u>21,646</u>	<u>23,550</u>	<u>493,028</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>2,251,743</u>	<u>341,744</u>	<u>2,871,141</u>	<u>197,274</u>	<u>699,637</u>	<u>6,361,539</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>10,072,995</u>	<u>8,121,163</u>	<u>5,997,634</u>	<u>3,294,427</u>	<u>1,549,601</u>	<u>29,035,820</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 12,324,738</u>	<u>\$ 8,462,907</u>	<u>\$ 8,868,775</u>	<u>\$ 3,491,701</u>	<u>\$ 2,249,238</u>	<u>\$ 35,397,359</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income / (loss)	\$ 10,202,495	\$ 1,002,193	\$ 1,006,909	\$ (864,262)	\$ 557,067	\$ 11,904,402
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	836,093	808,226	1,173,619	1,128,654	338,182	4,284,774
(Increase) decrease in inventory and prepaids	13,478	(3,748)	1,397	37,367	-	48,494
(Increase) decrease in accounts receivable	241,181	3,730	32,827	10,440	(1,642)	286,536
Increase (decrease) in accounts payable	37,331	30	11,012	(26,155)	(70,788)	(48,570)
Increase (decrease) in accrued wages and compensated absences	(5,597)	6,929	8,516	(79,805)	(5,526)	(75,483)
Increase (decrease) in OPEB obligation	138,689	62,895	58,422	81,893	107,662	449,561
Increase (decrease) in pension elements	(47,715)	(17,588)	(14,130)	-	(25,536)	(104,969)
Increase (decrease) in unearned revenue and other	-	-	-	4,008	-	4,008
Net cash flows from operating activities	<u>\$ 11,415,955</u>	<u>\$ 1,862,667</u>	<u>\$ 2,278,572</u>	<u>\$ 292,140</u>	<u>\$ 899,419</u>	<u>\$ 16,748,753</u>
Noncash financing and investing activities -						
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
as of September 30, 2015

	Pension Trust Funds
ASSETS	
Receivables:	
State of Florida	\$ 228,719
City	497
Accrued interest and dividends	110,885
Total receivables	<u>340,101</u>
Prepaid expenses	<u>108,562</u>
Investments, at fair market value:	
Short-term money market funds	1,130,835
Fixed income securities	15,054,377
Equity securities	28,441,705
Total investments	<u>44,626,917</u>
Total assets	45,075,580
LIABILITIES	
Accrued benefits payable	<u>33,355</u>
Total liabilities	<u>33,355</u>
NET POSITION, restricted for pension benefits	<u><u>\$ 45,042,225</u></u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
for the year ended September 30, 2015

	Pension Trust Funds
ADDITIONS	
Contributions:	
City	\$ 2,389,494
Plan members	502,869
State of Florida	228,719
Total contributions	<u>3,121,082</u>
Investment income (loss)	<u>(317,342)</u>
Less investment expenses:	
Investment management fees	138,735
Custodial fees	28,937
Performance evaluation fees	42,625
Total investment expenses	<u>210,297</u>
Net investment income (loss)	<u>(527,639)</u>
Total additions	<u>2,593,443</u>
DEDUCTIONS	
Administrative expenses:	
Legal	20,971
Actuarial	62,709
Audit	12,920
Accounting	7,790
Travel, training and other	23,799
Plan administrator	26,800
Total administrative expenses	<u>154,989</u>
Benefits and termination payments	<u>2,134,598</u>
Total deductions	<u>2,289,587</u>
NET INCREASE (DECREASE)	303,856
NET POSITION	
Balance, beginning of year	<u>44,738,369</u>
Balance, end of year	<u>\$ 45,042,225</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its statements (GASBS) and interpretations (GASBI). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

The **City of Bartow, Florida** (the "City") is a municipal corporation governed by a board of five (5) elected commissioners and was established by a special act of the Florida legislature, laws of the State of Florida Chapter 63-1109, House Bill No. 1953.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Certain of the component units, although legally separate, are presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds and account groups are combined with those of the primary government for financial reporting purposes. These entities include: (1) the Municipal Firefighters' Retirement Trust Fund established pursuant to Florida Statute Chapter 175 and Ordinance No. 1805, (2) the Municipal Police Officers' Retirement Trust Fund established pursuant to Florida Statute Chapter 185 and Ordinance No. 1806, (3) the General Employees' Pension Trust Fund established pursuant to Ordinance No. 2002-33, (4) the Bartow Community Redevelopment Agency (the "CRA") which was created by City Ordinance No. 1547 pursuant to Florida Statutes Chapter 163, and (5) the Bartow Municipal Airport Development Authority (the "Airport") which was created pursuant to a special act of the Florida legislature, F.S. Ch. 63-1109 and 67-1097, to operate the City's airport and industrial park. All component units of the City issue separately audited Component Unit Financial Statements (CUFS) except the CRA. Copies of the CUFS may be obtained from the City's Finance Department.

Related organizations are those legally separate entities for which the City is responsible for appointing the board members or Trustees and for which the City is not otherwise financially accountable. These organizations are not included in the primary government's financial statements as they are not considered to be part of the financial reporting entity. The only entities meeting these criteria are the Bartow Housing Authority (the "Housing Authority") and the Bartow Employees Internal Revenue Code (IRC) Section 457 deferred compensation plan. The Housing Authority is a Corporation established to provide affordable housing. The Bartow Employees I.R.C. 457 Deferred Compensation Trust Fund is a trust fund established solely for the benefit of the plan participants. All record keeping, administration and investing activities are handled by a third-party administrator.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

B. BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. Fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used for the activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Code Section 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

B. BASIC FINANCIAL STATEMENTS (cont...)

The following fund types and funds are used and reported by the City:

a) **Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City.

Reported as Major Funds:

- **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Bartow Community Redevelopment Agency** (the "CRA") was created by City Ordinance No. 1547-A pursuant to Florida Statutes chapter 163. Due to its profile in the community, the City electively added the Bartow CRA as a major fund. The purpose of the CRA is to eliminate and prevent the spread of blight throughout the redevelopment area pursuant to the City of Bartow City Commission findings of blight, Chapter 163, Part III, of the Florida Statutes (The Florida Community Redevelopment Act) and the City of Bartow Community Redevelopment Plan adopted by the City of Bartow City Commission. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of seven citizens appointed by the City Commission.

Reported as Non-major Funds:

- **Transportation Fund** is a special revenue fund of the City. It is used to account for all transportation revenues and the related expenses incurred for street and road construction, maintenance and repair.
- **Fire Service Fund** is a special revenue fund used to account for the proceeds of the City's fire services assessment and the cost of providing fire services to area residents.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

B. BASIC FINANCIAL STATEMENTS (cont...)

b) **Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City.

Reported as Major Enterprise Funds:

- **Electric Fund** is used to account for operations associated with providing electric service to its customers inside and outside the City. The Electric Fund is a distribution utility, with no significant power generation assets.
- **Water Fund** is used to account for the operations associated with potable water supply, treatment, transmission and distribution services to area residents.
- **Wastewater Fund** is used to account for the operations associated with sewer collection, treatment and disposal services to area residents.
- **Airport Fund** is used to account for the operations associated with the costs and revenues of the Bartow Municipal Airport Development Authority.

Reported as Non-Major Enterprise Funds:

- **Sanitation Fund** is used to account for the operations associated with solid waste collection and disposal services for the residents of the City.
- **Information Technology** is used to account for the operations associated with fiber optic installation and broad band services to area residents.
- **Stormwater Fund** is used to account for the operations associated with the collection and distribution of stormwater.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

B. BASIC FINANCIAL STATEMENTS (cont...)

c) Fiduciary Funds:

- Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Pension trust funds are the only fiduciary fund type of the City. The City has three *Pension Trust Funds* which accumulate resources to provide retirement benefits to City employees. The three pension trust funds are the Police Officers' Retirement Trust Fund, Firefighters' Retirement Trust Fund, and the General Employees' Pension Trust Fund.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

C. MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met, and as deferred inflows if received before time requirements are met.

Operating revenues shown for proprietary operations generally result from producing or providing the service or product. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services.

All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Revenues received prior to meeting the available criterion are reported as deferred inflows. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, public service and franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Property taxes are billed and collected within the same period in which the taxes are levied. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS - The City maintains a central pooled cash account that is used by all operating funds of the City. In addition, deposits and investments are separately held by certain enterprise funds and the pension trust funds. Interest income earned in the pooled cash and investments account is allocated to the individual funds based on their respective monthly balances. Each fund's equity in pooled cash is recorded on its respective balance sheet in the caption "equity in pooled cash and cash equivalents." Amounts, if any, reported as deficits in pooled cash do not represent actual overdrawn balances in any bank account, but merely report a negative cash balance in the particular fund. The financial statement caption "equity in pooled cash and cash equivalents" includes all deposits with banks and financial institutions including certificates of deposit and all highly-liquid investments (with original maturities of three months or less), including repurchase agreements, short-term commercial paper and investments in state pools.

INVESTMENTS - Securities owned are reported at their quoted market value. Investments in pooled accounts, such as certain of the pension fund investments and the state pools are reported at fair value based on market prices provided by the money managers. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues unbilled service of its enterprise funds representing the estimated value of service from the last billing date to year-end, which totalled \$2,214,472 at September 30, 2015. A reserve for doubtful accounts is maintained in each fund equal to the value of the customer receivables that are not expected to be collected. As of September 30, 2015, business-type activities and governmental activities reserves for doubtful accounts totalled \$338,207 and \$304,096, respectively. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

NOTES RECEIVABLE - In the Community Redevelopment Agency, represents loans to property owners to fund property improvements and are secured by first mortgage liens on the related properties with payment terms extending to six years. In some cases the notes will be forgiven if certain conditions are met by the property owner. Certain of the loans are non-interest bearing and have been discounted to reflect a 5% annual interest rate which is being amortized to income over the life of the related loans. There was no discount amortization for 2015. The notes, which have a face value of \$444,122, are reduced by an allowance representing management's estimate of uncollectible amounts which totalled \$434,494 at September 30, 2015 resulting in a carrying value of \$9,628 at September 30, 2015.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

INTERFUND RECEIVABLES AND PAYABLES - To the extent any interfund balances exist, management anticipates they will be settled in cash as opposed to a permanent transfer.

INVENTORIES - Inventories in governmental and enterprise funds consist of expendable supplies held for consumption and are recorded at the lower of cost or market computed on an average cost basis.

PREPAID EXPENSES - Payments that are applicable to future accounting periods are reported as prepaid expenses in both the government-wide and fund financial statements.

CAPITAL ASSETS - In the government-wide financial statements, capital assets include land, buildings, improvements, utility plant, furniture, equipment, and infrastructure assets (e.g., roads, sidewalks, streets, and drainage systems) with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Utility plant in service	30
Buildings and improvements	20-40
Infrastructure	20-80
Machinery and equipment	5-15

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

RESTRICTED ASSETS - Include cash, investments and other assets that are legally restricted to specific uses by law or contract. The customer restricted assets are reported in the water fund and sewer fund and represent unpaid impact fees due the City. The City generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

INTEREST COSTS - Interest costs are capitalized on enterprise fund projects when incurred on debt whose proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. For the year ended September 30, 2015, interest expense for enterprise activities totaled \$1,165,448, none of which was capitalized.

CONNECTION FEES AND IMPACT FEES - Water and wastewater connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities, and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Impact fees receivable are reduced by an allowance for estimated uncollectible amounts when management believes collectibility is doubtful.

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as expenses in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

COMPENSATED ABSENCES - The City's policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for these upon termination of employment. The liability for these compensated absences is recorded as long-term in the government-wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability unless due and payable.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

INTERFUND TRANSFERS - Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the Government-wide Statement of Activities, all interfund transfers among the funds comprising each activity (governmental and business-type) have been eliminated.

PENSION COSTS - The actuarially determined provision for pension costs is recorded on an accrual basis in the period for which the costs pertain, and the City's policy is to fund pension costs as they accrue.

INDIRECT COST ALLOCATION - The City allocates charges for indirect services provided by General Fund departments based on a cost allocation plan. The costs are included in the program expense reported by functional activity in the Statement of Activities.

EQUITY CLASSIFICATIONS -

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources, is classified as net position and displayed in three components:

- a) Net investment in capital assets - Consists of capital assets net of accumulated depreciation and other assets financed by the related debt (e.g. bond issuance costs and restricted bond sinking and reserve accounts), reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - Consists of the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position. At September 30, 2015, the governmental activities had a deficit unrestricted net position of \$1,468,255.

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

Fund Balance Classification - The governmental funds financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental funds financial statements are as follows:

Non spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has inventories, prepaid items and notes receivable as being non spendable as these items are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified debt service balances and impact fees as being restricted because their use is restricted by State Statute and/or local ordinance. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. The City also has restricted unexpended gas taxes in the transportation fund and the unexpended community development resources of the Community Redevelopment Agency.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2015.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: All other spendable amounts.

The details of the fund balances are included in the governmental funds' balance sheets. The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2015 was 3.9075.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by Resolution on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. City Ordinance establishes the legal level of budgetary control as set forth below:

Adjustment of Appropriations:

- a) *Supplemental appropriations* - If during the fiscal year the City Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City commission may make supplemental appropriations for the year up to the amount of such excess. Prior to making such supplemental appropriations, the City Commission shall advertise and hold a public hearing on the supplemental appropriations, in the manner prescribed for the public hearing on the budget, and shall follow such other procedures outlined for adoption of the budget in making supplemental appropriations as may be applicable.
- b) *Reduction of appropriations* - If at any time during the fiscal year the City Manager shall ascertain that the available income for the year will be less than the total appropriations, he shall reconsider the work programs and allotments of the various offices, departments, and agencies and revise the allotments so as to forestall the making of expenditures in excess of such income.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 - BUDGETARY LAW AND PRACTICE (cont...)

- c) *Transfer of appropriations* - At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance within a department, office or agency; provided, that no transfer of appropriations to the personal services account shall be made without approval of the City Commission. Upon written recommendation by the City Manager, the City Commission may by resolution transfer part or all of any unencumbered appropriation balance from one department, office or agency, to another.
- d) *Limitations; effective date* - No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.
- e) *Lapse of unencumbered appropriations* - All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered.

All final budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Compliance With Finance Related Legal and Contractual Provisions - the City had no material violations of finance related legal and contractual provisions.
- B. Deficit Fund Balance or Net Position of Individual Funds - As of September 30, 2015, no individual fund had a deficit fund balance or net position deficit.
- C. Excess of Expenditures Over Budget Appropriations in Individual Funds - For the year ended September 30, 2015, no budgetary fund had an excess of expenditures over appropriations.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 5 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS - Municipalities in Florida are required by State Statute Chapter 280 - "Security for Public Deposits Act", to deposit operating funds only with financial institutions who are members of the State of Florida collateral pool ("qualified public depositories"). The State of Florida collateral pool is a multiple financial institution collateral pool with the ability to make additional assessments to satisfy the claims of governmental entities if any member financial institution fails. This ability provides protection which is similar to depository insurance.

The captions on the government-wide statement of net position for "equity in pooled cash and cash equivalents" and "investments", both restricted and unrestricted, are comprised of the following:

Equity in pooled cash and cash equivalents:	
Cash on hand	\$ 10,009
Deposits in financial institutions:	
Insured or fully collateralized bank deposits	51,369,670
Investments:	
Florida Safe - investment pool	<u>506,198</u>
Total equity in pooled cash and cash equivalents	<u>\$ 51,885,877</u>
Investments:	
U.S. Government Agencies	<u>\$ 600,000</u>

The "Florida Safe" investment pool is similar to a money market investment in that it strives to maintain a net asset value of \$1.00 per share. The pool is rated AAAM by Standard and Poors and the weighted average maturity of the underlying securities is not available but the fund's policy is to stay below 60 days.

The Florida Investment Pool is not exposed to custodial credit risk because the investments are not evidenced by securities that exist in physical or book entry form.

The City had no investment securities other than the investment pool described above.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

INVESTMENTS - The types of investments that the City may invest are governed by the City's investment policy which sets forth the following allowable investments and certain other specific criteria related to maximum permitted concentrations, maturities (interest rate risk), and minimum credit quality ratings (credit risk):

Authorized Investments	Maximum Portfolio Concentration	Maximum Maturity	Maximum Issuer Concentration	Lowest Permitted S&P Rating
Florida Local Government Surplus Funds Trust Fund	100.00%			
U. S. Government securities	100.00%	5 years		
U. S. Government Agency securities	50.00%	5 years	25.00%	
Federal Instrumentalities securities	80.00%	5 years	40.00%	
Non-negotiable interest bearing deposits in qualified public depositories	20.00%	2 years	15.00%	
Repurchase agreements 102% secured by securities of the U. S. Government its Agencies or Instrumentalities	50.00%	90 days	25.00%	
Commercial paper of any U. S. company	25.00%	270 days	15.00%	A-1
Corporate notes of any U. S. company	15.00%	2 years	5.00%	AA
Bankers Acceptances	25.00%	180 days	10.00%	A-1
State or local government obligations	20.00%	3 years		AA
Mutual funds (registered investment companies)	50.00%	90 days	25.00%	AAA
Intergovernmental investment pools	20.00%			

All of the City's investments were held in the City's name. Information concerning credit risk and interest rate risk for the City's investments at September 30, 2015 is presented below:

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
U.S. Government Agencies	AA+	<u>\$ 600,000</u>	3.5

The City's pension trust funds also held investment securities during the year and at September 30, 2015, which are reported at fair value. Information related to each Plan's investment policy and the custodial, concentration and interest rate risk for each plan is set forth below.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

General Employees Pension Plan - The types of investments in which the Plan may invest are governed by City policy which authorizes investment in the following instruments: federally-insured depositories, direct or guaranteed obligations of the United States; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation or any state or territory of the United States; structured mortgage products issued by the U.S. Government or government agency; mortgage related or asset backed securities not issued by the U.S. Government, government agency or instrumentally; bonds issued by municipal issuers, real estate and foreign securities. No more than 70%, at market value, of the Plans assets can be invested in equity securities nor more than 5% in any one issuer. Fixed income securities must be investment grade except 20% can be invested in securities not meeting this criteria and must have a minimum total portfolio weighted average credit rating of "A" by Standard and Poors or Moodys and no more than 3% of the fixed income portfolio in any one single corporate issuer. Foreign securities can not exceed 25% of the total value at market value. All the Plans investments were held in the Plan's name. Information concerning the Plan's fixed income investments are presented below:

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
Short-term money market	AA+	<u>\$ 606,409</u>	0.0
U. S. Government obligations	AA+	\$ 631,211	17.9
U. S. Government agency mortgage-backed securities	AA+	1,759,878	7.1
Commercial mortgage-backed securities	AAA to BBB-	366,999	1.2
Corporate and foreign bonds	AA+ to BBB-	<u>3,414,099</u>	6.3
		<u>\$ 6,172,187</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

Police Officers' Pension Plan - The types of investments in which the Plan may invest are governed by City Ordinance which authorizes investments in the following instruments: interest-bearing time deposits and savings accounts in federally-insured depositories, direct or guaranteed obligations of the United States and the State of Israel; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation, except that up to 25% may be invested in foreign securities. No more than 65% of the Plan's assets, at market, can be invested in equity securities nor more than 5% in any one issuer.

All of the Plan's investments were held in the Plan's name. Information concerning Plan's fixed income investments, is presented below:

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
Short-term money market	AAAm	\$ 272,748	0.0
Short-term money market	Not rated	224,074	0.0
		<u>\$ 496,822</u>	
U. S. Government obligations	AA+	\$ 507,267	17.3
U. S. Government agency mortgage-backed securities	AA+	1,502,809	7.3
Commercial mortgage-backed securities	AAA to A-	289,500	1.6
Commercial mortgage-backed securities	Not rated	12,448	0.5
Inflation protected bond mutual fund	Not rated	55,500	0.0
Other mutual funds	Not rated	734,057	0.0
Corporate obligations	AA+ to BBB-	2,838,686	7.0
		<u>\$ 5,940,267</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

Fire Fighters' Pension Plan - The types of investments in which the Plan may invest are governed by City Ordinance which authorizes the Plan to invest in the following instruments: annuity or life insurance contracts, interest-bearing time deposits and savings accounts in federally-insured depositories, direct or guaranteed obligations of the United States and the State of Israel; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation, except that up to 25% may be invested in foreign securities. No more than 65% of the Plans assets, at cost, can be invested in equity securities nor more than 5% in any one issuer.

All of the Plan's investments were held in external investment pools or in the name of the Plan and therefore, were not subject to the custodial credit risk disclosures. No single issuer comprised 5% or more of the plan's investments and therefore the plan is not subject to the concentrations of credit risk disclosures. Information concerning the Plan's fixed income investments is presented below:

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
Short-term money market	AAAm	\$ <u>27,604</u>	0.0
Vanguard Inflation Protection bond fund	Not rated	\$ 330,641	8.7
Inflation protected bond fund	Not rated	40,000	0.0
Dodge & Cox Income fund	Not rated	<u>2,571,282</u>	8.3
		<u>\$ 2,941,923</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015, was as follows:

	Balance October 1, 2014	Transfers	Additions	Deletions	Balance September 30, 2015
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 4,029,522	\$ 19,903	\$ -	\$ -	\$ 4,049,425
Infrastructure land	1,588,213	-	-	-	1,588,213
Construction in progress	170,423	(132,635)	332,171	-	369,959
Total	<u>\$ 5,788,158</u>	<u>\$ (112,732)</u>	<u>\$ 332,171</u>	<u>\$ -</u>	<u>\$ 6,007,597</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 14,558,980	\$ 80,019	\$ 338,545	\$ (123,161)	\$ 14,854,383
Equipment	5,971,431	32,713	275,162	(65,053)	6,214,253
Infrastructure:					
Road network	26,267,019	-	-	-	26,267,019
Sidewalk network	3,403,854	-	-	-	3,403,854
Total	<u>50,201,284</u>	<u>112,732</u>	<u>613,707</u>	<u>(188,214)</u>	<u>50,739,509</u>
Total all capital assets	55,989,442	-	945,878	(188,214)	56,747,106
Less accumulated depreciation for:					
Buildings and improvements	(7,203,711)	-	(616,398)	123,161	(7,696,948)
Equipment	(4,994,366)	-	(393,698)	65,053	(5,323,011)
Infrastructure:					
Road network	(17,418,077)	-	(368,899)	-	(17,786,976)
Sidewalk network	(2,298,239)	-	(32,185)	-	(2,330,424)
Total accumulated depreciation	<u>(31,914,393)</u>	<u>-</u>	<u>(1,411,180)</u>	<u>188,214</u>	<u>(33,137,359)</u>
Depreciable capital assets, net	<u>18,286,891</u>	<u>112,732</u>	<u>(797,473)</u>	<u>-</u>	<u>17,602,150</u>
Governmental activities capital assets, net	<u>\$ 24,075,049</u>	<u>\$ -</u>	<u>\$ (465,302)</u>	<u>\$ -</u>	<u>\$ 23,609,747</u>
<u>Business-type activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,662,582	\$ -	\$ -	\$ -	\$ 1,662,582
Construction in process	411,635	(338,905)	802,987	(30,988)	844,729
Total	<u>\$ 2,074,217</u>	<u>\$ (338,905)</u>	<u>\$ 802,987</u>	<u>\$ (30,988)</u>	<u>\$ 2,507,311</u>
Capital assets being depreciated:					
Buildings, utility plant and improvements	\$ 121,355,978	\$ 258,697	\$ 607,331	\$ -	\$ 122,222,006
Equipment	10,027,837	80,208	75,717	(15,419)	10,168,343
Total	<u>131,383,815</u>	<u>338,905</u>	<u>683,048</u>	<u>(15,419)</u>	<u>132,390,349</u>
Total all capital assets	<u>133,458,032</u>	<u>-</u>	<u>1,486,035</u>	<u>(46,407)</u>	<u>134,897,660</u>
Less accumulated depreciation	<u>(68,641,070)</u>	<u>-</u>	<u>(4,284,774)</u>	<u>11,013</u>	<u>(72,914,831)</u>
Depreciable capital assets, net	<u>62,742,745</u>	<u>338,905</u>	<u>(3,601,726)</u>	<u>(4,406)</u>	<u>59,475,518</u>
Business-type activities capital assets, net	<u>\$ 64,816,962</u>	<u>\$ -</u>	<u>\$ (2,798,739)</u>	<u>\$ (35,394)</u>	<u>\$ 61,982,829</u>

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 6 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following functions and programs:

Governmental Activities:

General government	\$ 38,479
Library	53,086
Law enforcement	281,649
Fire control	26,704
Building and zoning	3,127
Public works	7,526
Transportation	531,518
Parks and recreation	431,909
Community redevelopment	<u>37,182</u>
Total depreciation expense - governmental activities	<u>\$ 1,411,180</u>

Business-type Activities:

Electric	\$ 836,093
Water	808,226
Wastewater	1,173,619
Airport	1,128,654
Sanitation	149,258
Information Technology	63,902
Stormwater	<u>125,022</u>
Total depreciation expense - business-type activities	<u>\$ 4,284,774</u>

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2015:

	October 1, 2014 (as restated)	Additions	Reductions	Balance September 30, 2015	Amounts Due within One Year
Governmental Activities					
Long-term debt:					
BB&T Refunding Series 2014-A	\$ 2,864,105	\$ -	\$ -	\$ 2,864,105	\$ 257,859
FMLC revenue bonds, Series 2005A	154,000	-	(154,000)	-	-
FMLC revenue bonds, Series 2005D	112,581	-	(55,141)	57,440	57,440
Installment notes payable	52,488	-	(52,488)	-	-
Total long-term debt	<u>3,183,174</u>	<u>-</u>	<u>(261,629)</u>	<u>2,921,545</u>	<u>315,299</u>
Other liabilities:					
Estimated workers compensation claims	611,983	-	(86,643)	525,340	-
Net pension liability	10,165,407	-	(1,213,283)	8,952,124	-
Other post employment benefits obligation	4,886,767	1,059,330	-	5,946,097	-
Compensated absences	1,352,334	43,636	-	1,395,970	-
Total other liabilities	<u>17,016,491</u>	<u>1,102,966</u>	<u>(1,299,926)</u>	<u>16,819,531</u>	<u>-</u>
Total long-term obligations	<u>\$ 20,199,665</u>	<u>\$ 1,102,966</u>	<u>\$ (1,561,555)</u>	19,741,076	<u>\$ 315,299</u>
Less amount due in one year				<u>(315,299)</u>	
Total non-current obligations due in more than one year				<u>\$ 19,425,777</u>	
Business-type Activities					
Long-term debt:					
Revenue bonds and certificates:					
BB&T Refunding Series 2014-A	\$ 1,800,895	\$ -	\$ -	\$ 1,800,895	\$ 162,141
Water and Sewer, Series 2006	22,185,000	-	(1,015,000)	21,170,000	1,055,000
SRF Construction Loan (No. WW 755040)	6,422,626	-	(315,055)	6,107,571	322,057
SRF Preconstruction Loan (No. WW 75504P)	1,479,649	-	(84,876)	1,394,773	86,669
FMLC revenue bonds, Series 2005A	66,000	-	(66,000)	-	-
FMLC revenue bonds, Series 2005D	132,419	-	(64,861)	67,558	67,558
Installment notes payable	51,541	-	(51,541)	-	-
Less premiums (discounts), net	<u>(110,727)</u>	<u>-</u>	<u>12,095</u>	<u>(98,632)</u>	<u>-</u>
Total long-term debt	<u>32,027,403</u>	<u>-</u>	<u>(1,585,238)</u>	<u>30,442,165</u>	<u>1,693,425</u>
Other liabilities:					
Other post employment benefits obligation	2,138,233	449,561	-	2,587,794	-
Net pension liability	2,968,303	-	(127,958)	2,840,345	-
Compensated absences	926,964	-	(47,047)	879,917	-
Total other liabilities	<u>6,033,500</u>	<u>449,561</u>	<u>(175,005)</u>	<u>6,308,056</u>	<u>-</u>
Total long-term obligations	<u>\$ 38,060,903</u>	<u>\$ 449,561</u>	<u>\$ (1,760,243)</u>	36,750,221	<u>\$ 1,693,425</u>
Less amount due in one year				<u>(1,693,425)</u>	
Total non-current obligations due in more than one year				<u>\$ 35,056,796</u>	

The previously reported October 1, 2014 balances of the governmental activities' long-term obligations was increased by \$10,165,407 and the business-type activities' long-term obligations was increased by \$2,968,303. The restatement was a result of recording the net pension liability in accordance with GASB Statement 68. See note 14 for more information.

The previously reported October 1, 2014 balance of the business-type activities' long-term debt discounts was reduced by \$604,436 to correct an error in reporting a debt refunding loss that should have been reported as a deferred outflow of resources in accordance with GASB Cod. Sec. D20.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table

Governmental and Business-Type Activities:

- BB & T Refunding Series 2014-A, par value \$4,665,000, is secured by all non-advalorem revenues of the City, essentially all legally available revenues of the City except taxes on real and personal property. The bonds were issued May 16, 2014 to advance refund the Florida Municipal Loan Council Series 2005A and 2005D bonds. The 2014-A bonds bear interest at 2.4% payable semi-annually on June 1 and December 1 with principal payments annually on June 1 and a final maturity on June 1, 2025.
- The Florida Municipal Loan Council Revenue Bonds, Series 2005A and 2005D were partially refunded in 2014 and were originally issued in 2005. The 2005A bonds bore interest at 4.00% and the 2005D bonds bear interest at 4.06% and mature in 2016.

Governmental Activities:

- Installment notes payable - This note payable was paid off in 2015 and bore interest at 2.1%. The note was used to purchase, and was secured by, police equipment.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table (cont...)

Business-Type Activities:

- Water and Sewer Revenue Bonds - The water and sewer revenue bonds Series 2006 are secured by the net revenues of the water and wastewater systems. The Series 2006 bonds were issued December 6, 2006, to refund a portion of the Series 1999 bonds and bear interest at rates from 4.0% to 4.25% and are due in annual installments ranging from \$90,000 to \$1,845,000 through October 1, 2029. The 2006 bonds require the maintenance of a principal and interest sinking fund and a bond reserve fund.
- SRF Loans - These loans are from the State of Florida Revolving Loan Program ("SRF") to fund pre-construction costs and construction of improvements to the wastewater systems. Agreement No. WW75504P bears interest at 2.38%. Agreement No. WW755040 bears interest at 1.97%. Both loans are payable semi-annually as to principal and interest of each year with the final payment due August 15, 2031. The loans are secured by a junior lien on the net revenues of the water and sewer systems.
- Installment notes payable - This note payable was paid off in 2015 and bore interest at 2.1%. The note was used to purchase, and was secured by equipment.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont...)

Notes to Long-Term Obligations Table (cont...)

Maturities:

Annual requirements to repay all long-term debt as of September 30, 2015, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 315,299	\$ 69,311	\$ 1,693,425	\$ 1,056,123
2017	263,999	63,070	1,683,714	997,957
2018	267,068	56,682	1,734,828	939,956
2019	276,278	50,219	1,795,005	880,006
2020	282,417	43,533	1,853,458	817,910
2021 - 2025	1,516,484	111,803	10,284,326	3,072,645
2026 - 2030	-	-	11,048,212	1,133,095
2031	-	-	447,829	7,436
Unamortized bond premium (discount)	-	-	(98,632)	-
Total	\$ 2,921,545	\$ 394,618	\$ 30,442,165	\$ 8,905,128

Pledged Revenue:

The City has pledged future water and sewer customer revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues. Additional information regarding the City's pledged revenue can be found in the preceding sections of this note:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Revenues to Principal and Interest Paid
Water and sewer revenues	08/15/2031	\$ 37,327,181	\$ 2,542,707	\$ 4,132,570	162.53%

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 8 - INTERFUND TRANSACTIONS

There were no interfund receivables and payables as of September 30, 2015.

Interfund transfers in (out) for the year ending September 30, 2015, consisted of:

Receiving Fund	Paying Fund	Amount
General Fund	Electric Fund	\$ 9,316,751
General fund	Wastewater fund	600,000
Fire Services Fund	General Fund	2,073,690
Fund-level interfund transfers		11,990,441
Eliminated in combining governmental activities		(2,073,690)
Combined government-wide total		\$ 9,916,751

The transfers from the electric and wastewater funds to the general fund and from the general fund to the fire services fund are budgeted annual operating transfers.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - PENSION TRUST FUNDS

Plan Descriptions - The City of Bartow contributes to three single-employer defined benefit pension plans: the General Employees Retirement Plan (“GE Plan”), the Police Officers’ Retirement Trust Fund (“Police Plan”), and the Municipal Firefighters’ Retirement Trust Fund (“Fire Plan”). Each plan provides retirement and disability benefits to plan members and beneficiaries. The plans are established by City Ordinance and the benefits and contribution requirements can be amended by the City Commission through ordinance. All three plans are administered by separate boards of trustees who are either appointed by the City Commission or elected by the plan members. It is the City’s policy to annually fund the annual required contribution amount for each plan. Contributions are also provided to the Firefighters’ and Police Officers’ plans by the State of Florida from a tax collected on insurance premiums. Each plan issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for that plan. Those reports may be obtained by contacting the City of Bartow Finance Department, 450 North Wilson Avenue, Bartow, FL 33830.

Benefits - The City’s pension plans provide retirement and disability benefits. Benefits for members of all plans vest after six years of credited service. Retirement benefits are calculated based upon a certain percentage of average earnings for the highest five consecutive years of the preceding ten year period times the number of years of credited service. The certain retirement percentage for the GE Plan is 2.53% and 3.15% for the Police and Fire Plans. Early retirement is available for members who have completed ten years of credited service at reduced benefits. Normal retirement for the GE Plan is the earlier of age sixty-two with ten years credited service or attainment of twenty-five years of credited service. Normal retirement for the Police Plan is the earlier of age fifty-five with ten years of credited service or attainment of twenty years of credited service regardless of age. Normal retirement for the Fire Plan is the earlier of age fifty five with ten years credited service, age fifty-two with twenty-five years of credited service or the completion of twenty-eight years of credited service regardless of age. The GE Plan does not provide post-employment benefit adjustments and the Police and Fire Plans contain provisions for automatic cost-of-living adjustments.

Contributions - It is the City’s policy to annually fund the actuarially determined required contributions representing the difference between the actuarially determined amount and the contributions of plan members.

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Contribution rates			
City and State	15.1%	43.1%	43.9%
Plan members	4.00%	4.00%	2.00%
Actuarially determined contribution	\$1,437,143	\$832,990	\$519,379
Contributions made	\$1,437,143	\$832,990	\$519,379

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - PENSION TRUST FUNDS (cont...)

Participant data as of the most recent actuarial valuation:

	as of October 1, 2014		
	General Employees Plan	Police Officers' Plan	Fire Fighters' Plan
	Retirees and beneficiaries		
currently receiving benefits	69	29	12
Terminated vested employees	84	15	4
Active plan members	195	36	20
Totals	348	80	36

Net Pension Liability - The components of the changes in the net pension liability, combined for all three plans, for the year ended September 30, 2015, is shown below. The net pension liability as of September 30, 2015 for financial reporting purposes was determined by actuarial valuations as of October 1, 2014 updated to September 30, 2015.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	Balance at 9/30/2014	\$ 53,100,172	\$ 39,970,335
Changes for the year:			
Service cost	1,317,107	-	1,317,107
Interest	4,187,541	-	4,187,541
Change in excess State Money	26,346	-	26,346
Differences between expected and actual experience	-	-	-
Contributions - employer	-	2,524,953	(2,524,953)
Contributions - State of Florida	-	230,708	(230,708)
Contributions - employee	-	391,393	(391,393)
Net investment income	-	3,830,225	(3,830,225)
Benefit payments, including refunds of employee contributions	(2,100,328)	(2,100,328)	-
Administrative expenses	-	(108,917)	108,917
Other changes	-	-	-
Net changes	3,430,666	4,768,034	(1,337,368)
Balances at 9/30/2015	\$ 56,530,838	\$ 44,738,369	\$ 11,792,469

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - PENSION TRUST FUNDS (cont...)

Actuarial Assumptions - The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability were as follows:

	<u>General Employees</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Actuarial valuation date	October 1, 2013	October 1, 2013	October 1, 2013
Measurement date	September 30, 2014	September 30, 2014	September 30, 2014
Inflation	3.50%	3.00%	3.00%
Projected salary increases	4.75%	6.00%	6.00%
Investment rate of return	7.75%	8.00%	8.00%
Mortality rates	RP 2000, sex-distinct	RP 2000, sex-distinct	RP 2000, sex-distinct
Date of actuarial experience study	2002-2011	1989-2009	1991-2009

Long-term Expected Rate of Return on Pension Plan Investments - Best estimates of arithmetic real rates of return for each major asset class and the target allocations for each of the pension plans as of September 30, 2015, are summarized below:

General Employees' Pension:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	7.50%
International equity	15%	8.50%
Broad market fixed income	30%	2.50%
Real estate	10%	4.50%
Total	<u>100%</u>	

Firefighters' Retirement Trust Fund:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	7.50%
International equity	15%	8.50%
Domestic fixed income	35%	2.50%
Global fixed income	5%	3.50%
Total	<u>100.00%</u>	

Police Officers' Retirement Trust Fund:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	7.50%
International equity	15%	8.50%
Broad market fixed income	35%	2.50%
Global fixed income	5%	3.50%
Total	<u>100.00%</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - PENSION TRUST FUNDS (cont...)

Investments and Rate of Return - The Plans' investment policy and information related to concentrations and custodial and credit risk is discussed in Note 3 to the financial statements. For the year ended September 30, 2015, the net money-weighted rate of return (loss) adjust for the changing amounts actually invested, for each of the Plans was as follows:

	General Employees	Police Pension	Fire Pension
Money-Weighted Rate of Return	-1.01%	-1.35%	-1.25%

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions - For the year ended September 30, 2015, the City recognized pension expense of \$1,702,124. At September 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
City contributions made subsequent to the measurement date of September 30, 2014	2,390,424	-
Net difference between projected and actual earnings on pension plan investments	-	514,541
Total	\$ 2,390,424	\$ 514,541

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2014 will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Remaining amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

Year ended September 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ -	\$ (128,635)
2017	-	(128,635)
2018	-	(128,635)
2019	-	(128,636)
	\$ -	\$ (514,541)

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - PENSION TRUST FUNDS (cont...)

Discount Rate - a rate of 7.75% for the GE Plan and 8.00% for both the Police and Fire Plans was used to measure the total pension liability of each of the three plans as of September 30, 2014, which is the measurement date for financial reporting purposes. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City as of the measurement date (September 30, 2014), calculated using the current discount rates discussed above for each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	Net Pension Liability at Measurement Date		
		1% Decrease	Current Discount	1% Increase
General Employees	7.75%	\$ 10,976,710	\$ 7,557,219	\$ 4,823,669
Police Officers	8.00%	4,685,309	2,554,804	877,764
Firefighters	8.00%	2,839,167	1,680,446	761,609
City's Net Pension Liability		<u>\$ 18,501,186</u>	<u>\$ 11,792,469</u>	<u>\$ 6,463,042</u>

The only significant event to impact the measurement of the net pension liability from September 30, 2014 (measurement date), to the City's reporting date of September 30, 2015 is that the pension plans' earnings on investments for the year ended September 30, 2015 were less than the current discount rates used to measure the net pension liability. The table below presents the net pension liability of the City as of the financial reporting date, September 30, 2015, and the total change in the net pension liability between the two dates.

	Current Discount Rate	Net Pension Liability at Financial Reporting Date		
		1% Decrease	Current Discount	1% Increase
General Employees	7.75%	\$ 11,909,407	\$ 8,490,901	\$ 5,609,230
Police Officers	8.00%	6,076,627	3,871,639	2,059,044
Firefighters	8.00%	3,264,511	2,093,627	1,133,193
City's Net Pension Liability		<u>\$ 21,250,545</u>	<u>\$ 14,456,167</u>	<u>\$ 8,801,467</u>
Change in City's net pension liability between measurement date and reporting date		<u>\$ 2,749,359</u>	<u>\$ 2,663,698</u>	<u>\$ 2,338,425</u>

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

The City has a policy of paying the cost of post-employment Medicare supplement health insurance upon reaching age 65, and \$1,000 face value life insurance for its retirees' upon reaching age 62.

Plan Description:

Under the provisions of the Plan, retirees who are eligible to retire under one of the City's pension plans and have at least 10 years of continuous service are eligible to receive subsidized health insurance beginning at age 65. In order to be eligible for the subsidy beginning at age 65, retirees must continue to be on the City's insurance prior to age 65 and pay 100% of the active premium. At age 65, depending on which health plan the retiree chooses, the City will pay the retiree premium up to the cap set by the City each year. For the fiscal year ended September 30, 2014, the cap was \$420.17 per month and for fiscal year September 30, 2015, the cap was decreased to \$416.14 per month. The retiree is responsible for the remaining amount not covered by the City, if any. In addition, retirees must pay the full cost of coverage for spouses and dependents. The City also provides a full insured \$1,000 life insurance benefit to each retiree, regardless of whether the retiree elects other postemployment benefit coverage. The Plan does not issue a stand-alone financial report.

Participant data as of the October 1, 2014, the latest actuarial valuation date, is shown below:

Retirees and beneficiaries	
currently receiving benefits	57
Active Employees	<u>291</u>
Totals	<u><u>348</u></u>

Funding Policy and Contributions:

The City currently pays for post-employment health care benefits on a pay-as-you-go basis. The contribution requirements of the City and plan members are established and may be amended by the City Commission. These contributions are neither guaranteed nor mandatory. The City has retained the right to unilaterally modify its payments towards retiree health care benefits. For the year ended September 30, 2015, the City's contribution totaled \$313,882, approximately 3% of actual payroll.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (cont...)

Annual OPEB Cost and Net OPEB Obligation:

The table below summarizes the City's annual OPEB cost and ending OPEB obligation for the year ended September 30, 2015:

Annual required contribution	\$ 1,920,458
Interest on net OPEB obligation	281,001
Adjustment to required contribution	<u>(378,686)</u>
Annual OPEB cost	1,822,773
Contributions made	<u>(313,882)</u>
Change in net OPEB obligation for the year	1,508,891
Net OPEB obligation, beginning of year	<u>7,025,000</u>
Net OPEB obligation, end of year	<u><u>\$ 8,533,891</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are shown below:

Year Ended <u>September 30</u>	Annual OPEB <u>Cost</u>	Actual Employer <u>Contributions</u>	Percentage of OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
2015	\$ 1,822,773	\$ 313,882	17%	\$ 8,533,891
2014	\$ 1,691,898	\$ 290,736	17%	\$ 7,025,000
2013	\$ 1,630,097	\$ 268,259	16%	\$ 5,623,838

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (cont...)

Funded Status and Funding Progress:

Information as to the funding progress of the OPEB Plan as of the most recent actuarial valuation is presented below. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since the Plan is not being funded currently, the value of the assets and the funded status is zero.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2014	\$ -	\$ 17,344,442	\$ 17,344,442	-	\$ 12,023,649	144.25%

Actuarial Methods and Assumptions:

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The entry age actuarial cost method was used in the October 1, 2014 valuation which is the latest valuation for the Plan. The actuarial assumptions included a 4% investment (discount) rate of return, compounded annually, net of investment expenses. The rate of return includes an assumed inflation rate of 3%. The annual health care cost trend rate is 8.0% in fiscal 2015, decreasing .75% per year to 5.0% in fiscal 2019. The components of the unfunded actuarial accrued liability (UAAL) are being individually amortized as a level percentage of pay over a closed period of 30 years.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 11 - OTHER EMPLOYEE BENEFITS PLANS

The City contributes 15% of the City Manager's salary to a defined contribution money purchase plan established for the benefit of the City Manager, which contributions are 100% vested. The City also offers its employees, who have completed one year of continuous service, an optional non-contributory deferred compensation plan created pursuant to Internal Revenue Code Section 457. Both Plans are administered by third-party custodians and the plans' assets are not considered part of the reporting entity and are not included in these financial statements.

NOTE 12 - RISK MANAGEMENT

INSURANCE - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property damages for which there has been no significant reduction in coverages, nor have settlement amounts exceeded the City's coverages during the year ended September 30, 2015 or the previous two years. All of the City's insurance is from commercial carriers and there is no self-insurance other than for workers' compensation which is discussed below.

SELF-INSURED WORKERS' COMPENSATION - The City provides its employees with workers' compensation coverage for job-related claims expenses through a self-funded plan administered by a third-party administrator. The Plan carries specific stop-loss insurance against catastrophic losses exceeding \$450,000 per incident and for aggregate claims over a two-year period exceeding \$2 million. Actual costs incurred, including administrative and claims expenses, are allocated to the respective departments and funds based on standard workers compensation classification rates applied to the payroll costs of the respective departments and funds within the City.

The City records an estimated liability for reported workers' compensation claims based on loss reserves estimated by the third-party administrator and for loss reserves for claims incurred but not reported, based on actuarially determined estimates of the ultimate cost of such claims (including future claims adjustment expenses) provided by outside consulting actuaries. The liability for the estimated workers' compensation costs is recorded in the general fund because it is fully funded. The liability is also reported as long-term in the governmental activities because the maturities are expected to exceed one year.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 12 - RISK MANAGEMENT (cont...)

Changes in aggregate workers' compensation liabilities for the years ended September 30, 2015 and 2014, were as follows:

	2015	2014
Claims liability balance, October 1	\$ 611,983	\$ 432,800
Claims and changes in estimates	226,488	548,918
Claims payments	(313,131)	(369,735)
Claims liability balance, September 30	\$ 525,340	\$ 611,983
Cash set aside to pay claims at September 30	\$ 904,513	\$ 931,589

NOTE 13 - COMMITMENTS AND CONTINGENCIES

UNEMPLOYMENT CLAIMS - The City reimburses the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provisions for potential claims have been made in the financial statements.

LITIGATION - The City is a party to various claims and assessments arising from its actions in the course of carrying out its public services. The City carries general liability coverage and management believes its coverage is sufficient to cover all significant losses arising from the unsuccessful outcome of any pending and/or threatened litigation.

CONSTRUCTION PROJECTS - The City has remaining commitments on construction projects in process at September 30, 2015, of approximately \$1,000,000.

ELECTRICAL POWER PURCHASE AGREEMENT - The City owns its electrical distribution systems and purchases its power under an agreement with Orlando Utilities Commission (OUC) which expires December 31, 2017.

WASTEWATER TREATMENT AGREEMENT WITH POLK COUNTY - The City entered into an agreement through October 6, 2038 to process up to 1.0 MGD of wastewater for the County at a rate of \$2.88/1000 gallons. To secure the capacity in the City's existing facilities, the County is paying a portion of the City's debt service (\$16,768 per month) related to certain existing wastewater treatment capital improvements made by the City in cooperation with the County. These payments are reported as capital contributions when received. In addition, the County has paid the City \$2,766,698, towards future improvements to secure capacity up to 2.5 MGD when the facilities are built. One half of this payment, \$1,383,349 was received by the City in 2014 and the other half was received in 2015. This money is reported as unearned revenue until the planned improvements are implemented.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 14 - RESTATEMENT OF NET POSITION - For the fiscal year ended September 30, 2015, the City implemented the provisions of GASB Statement 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68*. Accordingly, beginning net position was restated to reflect the change in accounting principles as follows:

	<u>Government-Wide</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Position, September 30, 2014, as previously reported	\$ 28,160,860	\$ 60,602,030
Restatements:		
Net pension liability as of September 30, 2014 as reported under GASB 68	(10,165,407)	(2,968,303)
Removal of beginning net pension obligation as previously reported under GASB Statement 27	57,430	-
Deferred outflows of resources - GASB 71	<u>2,043,891</u>	<u>481,061</u>
Net Position, September 30, 2014, as restated	<u>\$ 20,096,774</u>	<u>\$ 58,114,788</u>

	<u>Fund Level</u>		
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>
Business Type Funds/Activities			
Net Position, September 30, 2014, as previously reported	\$ 20,042,372	\$ 1,887,258	\$ 14,943,073
Restatements:			
Net pension liability as of September 30, 2014 as reported under GASB 68	(1,349,271)	(497,365)	(399,591)
Deferred outflows of resources - GASB 71	<u>218,671</u>	<u>80,606</u>	<u>64,760</u>
Net Position, September 30, 2014, as restated	<u>\$ 18,911,772</u>	<u>\$ 1,470,499</u>	<u>\$ 14,608,242</u>

	<u>Sanitation Fund</u>	<u>Information Technology Fund</u>	<u>Stormwater Fund</u>
	Business Type Funds/Activities		
Net Position, September 30, 2014, as previously reported	\$ 1,453,180	\$ 792,652	\$ 2,487,691
Restatements:			
Net pension liability as of September 30, 2014 as reported under GASB 68	(520,824)	(61,863)	(139,389)
Deferred outflows of resources - GASB 71	<u>84,408</u>	<u>10,026</u>	<u>22,590</u>
Net Position, September 30, 2014, as restated	<u>\$ 1,016,764</u>	<u>\$ 740,815</u>	<u>\$ 2,370,892</u>



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
for the year ended September 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 4,279,079	\$ 4,412,930	\$ 4,415,632	\$ 2,702
Licenses and permits	257,380	314,380	322,858	8,478
Intergovernmental revenue	2,135,426	2,383,809	2,371,887	(11,922)
Charges for services	1,488,280	1,508,612	1,529,879	21,267
Fines and forfeitures	64,867	85,867	97,592	11,725
Other	522,610	708,169	728,295	20,126
Total revenues	<u>8,747,642</u>	<u>9,413,767</u>	<u>9,466,143</u>	<u>52,376</u>
EXPENDITURES:				
General government:				
Commission	2,176,029	1,567,960	1,520,696	47,264
City Manager	543,914	334,244	327,176	7,068
City Clerk	147,549	153,184	150,216	2,968
Finance	239,843	212,676	208,245	4,431
Personnel	165,553	168,349	163,139	5,210
Purchasing	48,555	33,462	32,748	714
Internal Audit	90,013	-	-	-
Grant Management	75,283	78,493	77,904	589
Planning	127,006	157,191	150,984	6,207
Fleet maintenance	133,643	157,389	157,348	41
Public safety:				
Police	5,424,572	5,469,576	5,407,026	62,550
Building	419,981	374,638	366,092	8,546
Physical environment:				
Public Works	1,455,264	1,652,591	1,618,779	33,812
Economic environment:				
Community Development	198,922	191,096	188,224	2,872
Culture/Recreation:				
Library	575,498	532,032	522,970	9,062
Library Coop - County	144,480	133,763	128,750	5,013
Library Coop - State Aid	534,100	388,740	382,372	6,368
Parks and Recreation	3,161,389	2,982,678	2,943,706	38,972
Golf Course	996,025	993,488	973,458	20,030
Golf Course - restaurant	591,982	577,676	566,823	10,853
Total expenditures	<u>17,249,601</u>	<u>16,159,226</u>	<u>15,886,656</u>	<u>272,570</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,501,959)</u>	<u>(6,745,459)</u>	<u>(6,420,513)</u>	<u>324,946</u>
OTHER FINANCING SOURCES (USES):				
Insurance recoveries	-	259,644	259,644	-
Transfers out	(1,990,402)	(2,073,690)	(2,073,690)	-
Transfers in	9,916,751	9,916,751	9,916,751	-
Total other financing sources (uses)	<u>7,926,349</u>	<u>8,102,705</u>	<u>8,102,705</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (575,610)</u>	<u>\$ 1,357,246</u>	<u>\$ 1,682,192</u>	<u>\$ 324,946</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - COMMUNITY REDEVELOPMENT AGENCY
for the year ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 724,532	\$ 724,532	\$ 728,956	\$ 4,424
Charges for service	-	-	100	100
Other	7,700	7,700	7,175	(525)
Total revenues	<u>732,232</u>	<u>732,232</u>	<u>736,231</u>	<u>3,999</u>
EXPENDITURES:				
Economic environment	631,457	631,457	358,500	272,957
Debt service	211,158	211,158	210,014	1,144
Total expenditures	<u>842,615</u>	<u>842,615</u>	<u>568,514</u>	<u>274,101</u>
NET CHANGE IN FUND BALANCE	<u>\$ (110,383)</u>	<u>\$ (110,383)</u>	<u>\$ 167,717</u>	<u>\$ 278,100</u>

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CITY OF BARTOW, FLORIDA
SCHEDULE OF FUNDING PROGRESS
Other Post Employment Benefits Plan (OPEB)
September 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2014	\$ -	\$ 17,344,442	\$ 17,344,442	-	\$ 12,023,649	144.25%
10/01/2012	\$ -	\$ 17,639,617	\$ 17,639,617	-	\$ 12,570,619	140.32%
10/01/2011	\$ -	\$ 13,393,000	\$ 13,393,000	-	NA	NA
10/01/2008	\$ -	\$ 8,197,000	\$ 8,197,000	-	\$ 11,281,000	72.66%

NA = Not available

See Auditors' Report

CITY OF BARTOW, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
General Employees Retirement Plan

	General Employees' Retirement Plan	
	9/30/2015	9/30/2014
Total pension liability		
Service cost	\$ 582,546	\$ 613,352
Interest	2,218,251	2,079,693
Change in funding standard account	(224,714)	-
Differences between expected and actual experience	(387,282)	-
Contributions - employee buybacks	123,299	-
Benefit payments and refunds	(775,295)	(973,494)
Net change in total pension liability	<u>1,536,805</u>	<u>1,719,551</u>
Total pension liability, beginning	<u>28,427,689</u>	<u>26,708,138</u>
Total pension liability, ending	<u>\$ 29,964,494</u>	<u>\$ 28,427,689</u>
Plan fiduciary net position		
Contributions - employer	1,212,429	1,278,269
Contributions - employee	414,836	300,454
Net investment income	(214,127)	1,464,081
Benefit payments and refunds	(775,295)	(973,494)
Administrative expenses	(34,720)	(23,527)
Other	-	-
Net change in plan fiduciary net position	<u>603,123</u>	<u>2,045,783</u>
Plan fiduciary net position, beginning	<u>20,870,470</u>	<u>18,824,687</u>
Plan fiduciary net position, ending	<u>\$ 21,473,593</u>	<u>\$ 20,870,470</u>
Net pension liability	<u>\$ 8,490,901</u>	<u>\$ 7,557,219</u>
Plan fiduciary net position as a percentage of the total pension liability	71.66%	73.42%
Covered employee payroll	\$ 8,049,198	\$ 6,833,856
Net pension liability as a percentage of covered employee payroll	105.49%	110.58%

Notes to Schedule:

There have been no changes in benefits

There have been no changes in assumptions

For the 2014 fiscal year, the covered employee payroll was based on pensionable salary
Additional years will be added to this schedule annually until 10 years' data is presented

See Auditors' Report

CITY OF BARTOW, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Police Officers' Retirement Trust Fund

	Police Officers' Retirement Trust Fund	
	9/30/2015	9/30/2014
Total pension liability		
Service cost	\$ 442,727	\$ 449,350
Interest	1,472,475	1,386,713
Interest increase in DROP accounts	-	-
Change in benefit terms	88,018	-
Differences between expected and actual experience	(48,806)	-
Changes of assumptions	-	-
Benefit payments and refunds	(957,923)	(732,947)
Net change in total pension liability	<u>996,491</u>	<u>1,103,116</u>
Total pension liability, beginning	<u>18,413,303</u>	<u>17,310,187</u>
Total pension liability, ending	<u>\$ 19,409,794</u>	<u>\$ 18,413,303</u>
Plan fiduciary net position		
Contributions - employer	728,233	826,682
Contributions - employee	67,585	71,421
Contributions - State of Florida	123,940	118,257
Net investment income	(213,507)	1,582,990
Benefit payments and refunds	(957,923)	(735,413)
Administrative expenses	(68,672)	(42,255)
Other	-	-
Net change in plan fiduciary net position	<u>(320,344)</u>	<u>1,821,682</u>
Plan fiduciary net position, beginning	<u>15,858,499</u>	<u>14,036,817</u>
Plan fiduciary net position, ending	<u>\$ 15,538,155</u>	<u>\$ 15,858,499</u>
Net pension liability	<u>\$ 3,871,639</u>	<u>\$ 2,554,804</u>
Plan fiduciary net position as a percentage of the total pension liability	80.05%	86.13%
Covered employee payroll	\$ 1,981,362	\$ 1,785,535
Net pension liability as a percentage of covered employee payroll	195.40%	143.08%

Notes to Schedule:

There have been no changes in assumptions

For fiscal year 2015, amounts reported as changes of benefit terms resulted from an increase in the automatic cost-of-living adjustment (COLA) for future retirees from 1.77% to 1.98%.

For the 2014 fiscal year, the covered employee payroll was based on pensionable salary. Additional years will be added to this schedule annually until 10 years' data is presented.

See Auditors' Report

CITY OF BARTOW, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Firefighters' Retirement Trust Fund

	Firefighters' Retirement Trust Fund	
	9/30/2015	9/30/2014
Total pension liability		
Service cost	\$ 255,726	\$ 254,405
Interest	767,473	721,136
Change in excess State money	18,674	26,346
Differences between expected and actual experience	(206,235)	-
Changes of assumptions	-	-
Benefit payments and refunds	(401,380)	(393,888)
Net change in total pension liability	<u>434,258</u>	<u>607,999</u>
Total pension liability, beginning	<u>9,689,846</u>	<u>9,081,847</u>
Total pension liability, ending	<u>\$ 10,124,104</u>	<u>\$ 9,689,846</u>
Plan fiduciary net position		
Contributions - employer	448,832	420,397
Contributions - employee	20,448	19,518
Contributions - State of Florida	104,779	112,451
Net investment income	(100,005)	783,353
Benefit payments and refunds	(401,380)	(393,888)
Administrative expenses	(51,597)	(43,332)
Other	-	-
Net change in plan fiduciary net position	<u>21,077</u>	<u>898,499</u>
Plan fiduciary net position, beginning	<u>8,009,400</u>	<u>7,110,901</u>
Plan fiduciary net position, ending	<u>\$ 8,030,477</u>	<u>\$ 8,009,400</u>
Net pension liability	<u>\$ 2,093,627</u>	<u>\$ 1,680,446</u>
Plan fiduciary net position as a percentage of the total pension liability	79.32%	82.66%
Covered employee payroll	\$ 1,025,578	\$ 975,911
Net pension liability as a percentage of covered employee payroll	204.14%	172.19%

Notes to Schedule:

There have been no changes in benefits

There have been no changes in assumptions

For the 2014 fiscal year, the covered employee payroll was based on pensionable salary
Additional years will be added to this schedule annually until 10 years' data is presented

See Auditors' Report

CITY OF BARTOW, FLORIDA
SCHEDULE OF CONTRIBUTIONS

Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
General Employees' Plan					
2015	\$ 1,437,143	\$ 1,437,143	\$ -	\$ 8,049,198	17.85%
2014	\$ 1,499,813	\$ 1,499,813	\$ -	\$ 6,833,856	21.95%
Police Officers' Plan					
2015	\$ 832,990	\$ 832,990	\$ -	\$ 1,981,362	42.04%
2014	\$ 944,548	\$ 944,548	\$ -	\$ 1,785,535	52.90%
Firefighters' Plan					
2015	\$ 519,379	\$ 519,379	\$ -	\$ 1,025,578	50.64%
2014	\$ 506,498	\$ 506,498	\$ -	\$ 975,911	51.90%

Additional years will be added to this table annually until ten years' data is presented.

See Auditors' Report

CITY OF BARTOW, FLORIDA
NOTES TO THE SCHEDULE OF CONTRIBUTIONS

Significant methods and assumptions used in calculating the actuarially determined contributions:

- Valuation Date: October 1, 2013 for fiscal year 2015 contributions.
- Actuarial Cost Method: Entry age normal, level percentage of pay, closed.
- Asset Valuation Method: Historic geometric four year average market value (net of fees)
- Inflation: 3.0% annually.
- Salary Increases: 4.75% for the general employees' plan and 6.00% for the police officers' and firefighters' plans.
- Investment Rate of Return: 7.75% for the general employees' plan and 8.00% for the police officers' and firefighters' plans.
- Payroll Growth: Up to 4% annually for the general employees' plan and up to 3% for the police officers' and firefighters' plans.
- General Employees Plan Retirement Age: Varies depending on years of service and employee age.
- Police Officers' Plan Retirement Age: Earlier of age 55 with 10 years of credited service or 20 years of credited service regardless of age.
- Firefighters' Plan Retirement Age: Earlier of age 55 with 10 years of credited service, 52 with 25 years of credited service, or 28 years of credited service regardless of age.
- Mortality: RP2000 combined healthy mortality table.
- Termination and disability rate tables:

General Employees' Plan			Police Officers' Plan			Firefighters' Plan		
Age	% terminating during year	% disabled during year	Age	% terminating during year	% disabled during year	Age	% terminating during year	% disabled during year
25	12.00%	0.09%	20	11.40%	0.30%	20	6.00%	0.03%
30	12.00%	0.10%	30	9.50%	0.40%	30	5.00%	0.04%
35	11.20%	0.15%	40	4.90%	0.70%	40	2.60%	0.07%
40	8.40%	0.25%	50	1.50%	1.80%	50	0.80%	0.18%
45	5.40%	0.38%						
50	3.30%	0.67%						
55	1.60%	1.00%						

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OTHER SUPPLEMENTARY INFORMATION

CITY OF BARTOW, FLORIDA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
as of September 30, 2015

	<u>Transportation Fund</u>	<u>Fire Services Fund</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 722,417	\$ 241,750	\$ 964,167
Receivables, net			
Customer accounts, net	-	25	25
Intergovernmental and other	146,800	20,098	166,898
Inventory and prepaid expenses	-	526,543	526,543
Restricted assets:			
Cash and cash equivalents	756,318	-	756,318
Customer receivables	<u>38,642</u>	<u>-</u>	<u>38,642</u>
TOTAL ASSETS	<u>\$ 1,664,177</u>	<u>\$ 788,416</u>	<u>\$ 2,452,593</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 28,657	\$ 52,968	\$ 81,625
Accrued payroll	<u>4,129</u>	<u>37,164</u>	<u>41,293</u>
TOTAL LIABILITIES	<u>32,786</u>	<u>90,132</u>	<u>122,918</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>38,642</u>	<u>-</u>	<u>38,642</u>
FUND BALANCE			
Non-spendable - prepaid expenses	-	526,543	526,543
Restricted for:			
Transportation capital improvements	756,318	-	756,318
Transportation activities	836,431	-	836,431
Assigned	<u>-</u>	<u>171,741</u>	<u>171,741</u>
TOTAL FUND BALANCE	<u>1,592,749</u>	<u>698,284</u>	<u>2,291,033</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,664,177</u>	<u>\$ 788,416</u>	<u>\$ 2,452,593</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
for the year ended September 30, 2015

	Transportation Fund	Fire Services Fund	Total
REVENUES:			
Taxes	\$ 899,718	\$ -	\$ 899,718
Intergovernmental revenue	159,321	80,390	239,711
Charges for services	123,885	545,695	669,580
Fines and forfeitures	-	650	650
Other	201,472	360	201,832
Total revenues	<u>1,384,396</u>	<u>627,095</u>	<u>2,011,491</u>
EXPENDITURES:			
Public safety	-	2,058,507	2,058,507
Transportation	735,164	-	735,164
Capital outlay	130,361	10,100	140,461
Total expenditures	<u>865,525</u>	<u>2,068,607</u>	<u>2,934,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>518,871</u>	<u>(1,441,512)</u>	<u>(922,641)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	2,073,690	2,073,690
Total other financing sources	<u>-</u>	<u>2,073,690</u>	<u>2,073,690</u>
NET CHANGE IN FUND BALANCE	518,871	632,178	1,151,049
FUND BALANCE, beginning of year	<u>1,073,878</u>	<u>66,106</u>	<u>1,139,984</u>
FUND BALANCE, end of year	<u>\$ 1,592,749</u>	<u>\$ 698,284</u>	<u>\$ 2,291,033</u>

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CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND
for the year ended September 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes	\$ 846,132	\$ 890,132	\$ 899,718	\$ 9,586
Intergovernmental revenue	153,590	153,590	159,321	5,731
Charges for services	125,688	125,688	123,885	(1,803)
Other	300	198,620	201,472	2,852
Total revenues	<u>1,125,710</u>	<u>1,368,030</u>	<u>1,384,396</u>	<u>16,366</u>
EXPENDITURES:				
Transportation	1,125,710	768,414	735,164	33,250
Capital outlay	-	130,797	130,361	436
Total expenditures	<u>1,125,710</u>	<u>899,211</u>	<u>865,525</u>	<u>33,686</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 468,819</u>	<u>\$ 518,871</u>	<u>\$ 50,052</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - FIRE SERVICES FUND
for the year ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue	\$ 80,390	\$ 80,390	\$ 80,390	\$ -
Charges for services	538,958	538,958	545,695	6,737
Fines and forfeitures	-	-	650	650
Other	-	-	360	360
Total revenues	<u>619,348</u>	<u>619,348</u>	<u>627,095</u>	<u>7,747</u>
EXPENDITURES:				
Public safety	1,931,128	2,012,110	2,058,507	(46,397)
Capital outlay	678,622	678,622	10,100	668,522
Total expenditures	<u>2,609,750</u>	<u>2,690,732</u>	<u>2,068,607</u>	<u>622,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,990,402)</u>	<u>(2,071,384)</u>	<u>(1,441,512)</u>	<u>629,872</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,990,402	2,073,690	2,073,690	-
Total other financing sources	<u>1,990,402</u>	<u>2,073,690</u>	<u>2,073,690</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ 632,178</u>	<u>\$ 629,872</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF NET POSITION - NON-MAJOR ENTERPRISE FUNDS
as of September 30, 2015

	Business Type Activities - Non-Major Enterprise Funds			
	Sanitation Fund	Information Technology Fund	Stormwater Fund	Total
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,692,397	\$ 219,025	\$ 337,816	\$ 2,249,238
Receivables, net				
Customers	340,074	10,663	-	350,737
Inventory and prepaids	-	34,355	-	34,355
Total current assets	<u>2,032,471</u>	<u>264,043</u>	<u>337,816</u>	<u>2,634,330</u>
Noncurrent assets:				
Capital assets, net				
Non-depreciable	152,779	-	60,406	213,185
Depreciable	348,020	529,393	2,284,775	3,162,188
Total noncurrent assets	<u>500,799</u>	<u>529,393</u>	<u>2,345,181</u>	<u>3,375,373</u>
TOTAL ASSETS	<u>2,533,270</u>	<u>793,436</u>	<u>2,682,997</u>	<u>6,009,703</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	80,374	9,547	21,511	111,432
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>80,374</u>	<u>9,547</u>	<u>21,511</u>	<u>111,432</u>
LIABILITIES				
Current liabilities:				
Accounts payable	71,631	3,901	2,257	77,789
Accrued wages	17,711	2,340	5,155	25,206
Total current liabilities	<u>89,342</u>	<u>6,241</u>	<u>7,412</u>	<u>102,995</u>
Noncurrent liabilities:				
Compensated absences	61,184	23,678	1,900	86,762
OPEB obligation	402,846	17,836	111,240	531,922
Net pension liability	498,372	59,196	133,380	690,948
Total noncurrent liabilities	<u>962,402</u>	<u>100,710</u>	<u>246,520</u>	<u>1,309,632</u>
TOTAL LIABILITIES	<u>1,051,744</u>	<u>106,951</u>	<u>253,932</u>	<u>1,412,627</u>
NET POSITION				
Net investment in capital assets	500,799	529,393	2,345,181	3,375,373
Unrestricted	1,061,101	166,639	105,395	1,333,135
TOTAL NET POSITION	<u>\$ 1,561,900</u>	<u>\$ 696,032</u>	<u>\$ 2,450,576</u>	<u>\$ 4,708,508</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - NON-MAJOR ENTERPRISE FUNDS
for the year ended September 30, 2015

	Business Type Activities - Non-Major Enterprise Funds			
	Sanitation	Information	Stormwater	Total
	Fund	Technology Fund	Fund	
OPERATING REVENUES:				
Charges for services	\$ 3,040,713	\$ 193,567	\$ 637,187	\$ 3,871,467
Total operating income	<u>3,040,713</u>	<u>193,567</u>	<u>637,187</u>	<u>3,871,467</u>
OPERATING EXPENSES:				
Personal services	850,989	90,639	219,862	1,161,490
Operating expenses	1,517,278	84,176	213,274	1,814,728
Depreciation	149,258	63,902	125,022	338,182
Total operating expenses	<u>2,517,525</u>	<u>238,717</u>	<u>558,158</u>	<u>3,314,400</u>
OPERATING INCOME (LOSS)	<u>523,188</u>	<u>(45,150)</u>	<u>79,029</u>	<u>557,067</u>
NONOPERATING REVENUE (EXPENSE):				
Interest revenue	2,320	367	655	3,342
Interest expense	(580)	-	-	(580)
Other, net	20,208	-	-	20,208
Total nonoperating revenues (expenses)	<u>21,948</u>	<u>367</u>	<u>655</u>	<u>22,970</u>
Change in net position	<u>545,136</u>	<u>(44,783)</u>	<u>79,684</u>	<u>580,037</u>
NET POSITION - beginning of year, as originally reported	1,453,180	792,652	2,487,691	4,733,523
Implementation of GASB 68 and 71	<u>(436,416)</u>	<u>(51,837)</u>	<u>(116,799)</u>	<u>(605,052)</u>
NET POSITION - beginning of year, as restated	<u>1,016,764</u>	<u>740,815</u>	<u>2,370,892</u>	<u>4,128,471</u>
NET POSITION - end of year	<u>\$ 1,561,900</u>	<u>\$ 696,032</u>	<u>\$ 2,450,576</u>	<u>\$ 4,708,508</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA

COMBINING STATEMENT OF CASH FLOWS - NON MAJOR ENTERPRISE FUNDS
for the year ended September 30, 2015

	Business Type Activities - Non-Major Enterprise Funds			
	Sanitation Fund	Information Technology Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,048,421	\$ 184,217	\$ 637,187	\$ 3,869,825
Payments to suppliers	(1,555,504)	(81,509)	(248,503)	(1,885,516)
Payments for salaries and benefits	(804,674)	(81,590)	(198,626)	(1,084,890)
Net cash flows from operating activities	<u>688,243</u>	<u>21,118</u>	<u>190,058</u>	<u>899,419</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets, net of related payables	(1,425)	-	(169,786)	(171,211)
Principal paid on notes, bonds and lease obligations	(51,541)	-	-	(51,541)
Interest paid on borrowings	(580)	-	-	(580)
Net cash flows from capital and related financing activities	<u>(53,546)</u>	<u>-</u>	<u>(169,786)</u>	<u>(223,332)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Other income	20,208			20,208
Interest on invested funds and other	2,320	367	655	3,342
Net cash flows from investing activities	<u>22,528</u>	<u>367</u>	<u>655</u>	<u>23,550</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	657,225	21,485	20,927	699,637
CASH AND CASH EQUIVALENTS, beginning of year	1,035,172	197,540	316,889	1,549,601
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,692,397</u>	<u>\$ 219,025</u>	<u>\$ 337,816</u>	<u>\$ 2,249,238</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income / (loss)	\$ 523,188	\$ (45,150)	\$ 79,029	\$ 557,067
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	149,258	63,902	125,022	338,182
(Increase) decrease in accounts receivable	7,708	(9,350)	-	(1,642)
Increase (decrease) in accounts payable and accrued expenses	(38,226)	2,667	(35,229)	(70,788)
Increase (decrease) in accrued wages and compensated absences	(9,120)	4,517	(923)	(5,526)
Increase (decrease) in OPEB obligation	73,853	6,720	27,089	107,662
Increase (decrease) in pension elements	(18,418)	(2,188)	(4,930)	(25,536)
Net cash flows from operating activities	<u>\$ 688,243</u>	<u>\$ 21,118</u>	<u>\$ 190,058</u>	<u>\$ 899,419</u>
Noncash financing and investing activities -				
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION FUNDS
as of September 30, 2015

	Pension Trust Funds			Total
	General Employees	Fire Pension	Police Pension	
ASSETS				
Receivables:				
State of Florida	\$ -	\$ 104,779	\$ 123,940	\$ 228,719
City	-	-	497	497
Accrued income	58,369	3,887	48,629	110,885
Total receivables	<u>58,369</u>	<u>108,666</u>	<u>173,066</u>	<u>340,101</u>
Prepaid expenses	<u>3,875</u>	<u>33,003</u>	<u>71,684</u>	<u>108,562</u>
Investments, at fair market value:				
Short-term money market funds	606,409	27,604	496,822	1,130,835
Fixed income securities	6,172,187	2,941,923	5,940,267	15,054,377
Equity securities	<u>14,659,680</u>	<u>4,925,709</u>	<u>8,856,316</u>	<u>28,441,705</u>
Total investments	<u>21,438,276</u>	<u>7,895,236</u>	<u>15,293,405</u>	<u>44,626,917</u>
Total assets	21,500,520	8,036,905	15,538,155	45,075,580
LIABILITIES				
Accrued benefits payable	<u>26,927</u>	<u>6,428</u>	<u>-</u>	<u>33,355</u>
Total liabilities	26,927	6,428	-	33,355
NET POSITION,				
restricted for pension benefits	<u>\$ 21,473,593</u>	<u>\$ 8,030,477</u>	<u>\$ 15,538,155</u>	<u>\$ 45,042,225</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS
for the year ended September 30, 2015

	Pension Trust Funds			Total
	General Employees	Fire Pension	Police Pension	
ADDITIONS				
Contributions:				
City	\$ 1,212,429	\$ 448,832	\$ 728,233	\$ 2,389,494
Plan members	414,836	20,448	67,585	502,869
State of Florida	-	104,779	123,940	228,719
Total contributions	<u>1,627,265</u>	<u>574,059</u>	<u>919,758</u>	<u>3,121,082</u>
Investment income (loss)	<u>(91,495)</u>	<u>(57,545)</u>	<u>(168,302)</u>	<u>(317,342)</u>
Less investment expenses:				
Investment management fees	91,695	21,960	25,080	138,735
Custodial fees	15,437	5,000	8,500	28,937
Performance evaluation fees	15,500	15,500	11,625	42,625
Total investment expenses	<u>122,632</u>	<u>42,460</u>	<u>45,205</u>	<u>210,297</u>
Net investment income (loss)	<u>(214,127)</u>	<u>(100,005)</u>	<u>(213,507)</u>	<u>(527,639)</u>
Total additions	<u>1,413,138</u>	<u>474,054</u>	<u>706,251</u>	<u>2,593,443</u>
DEDUCTIONS				
Administrative expenses:				
Legal	7,915	6,964	6,092	20,971
Actuarial	18,865	16,258	27,586	62,709
Audit	4,920	4,000	4,000	12,920
Accounting	3,020	1,935	2,835	7,790
Travel, training and other	-	13,440	10,359	23,799
Plan administrator	-	9,000	17,800	26,800
Total administrative expenses	<u>34,720</u>	<u>51,597</u>	<u>68,672</u>	<u>154,989</u>
Benefits and termination payments	<u>775,295</u>	<u>401,380</u>	<u>957,923</u>	<u>2,134,598</u>
Total deductions	<u>810,015</u>	<u>452,977</u>	<u>1,026,595</u>	<u>2,289,587</u>
NET INCREASE (DECREASE)	<u>603,123</u>	<u>21,077</u>	<u>(320,344)</u>	<u>303,856</u>
NET POSITION				
Balance, beginning of year	<u>20,870,470</u>	<u>8,009,400</u>	<u>15,858,499</u>	<u>44,738,369</u>
Balance, end of year	<u>\$ 21,473,593</u>	<u>\$ 8,030,477</u>	<u>\$ 15,538,155</u>	<u>\$ 45,042,225</u>

See Auditors' Report

COMPLIANCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bartow, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 18, 2016. Our report includes a reference to other auditors who audited the financial statements of the police officers' pension plan and the firefighters' pension plan, as described in our report on the City's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the police officer's pension plan and the firefighters' pension plan were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(*Concluded*)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

April 18, 2016
Sarasota, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

Report on Compliance

We have examined the City of Bartow, Florida (the City)'s compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

Management's Responsibility

Management is responsible for the City's compliance with those requirements.

Accountants' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Restriction on Use

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Honorable Mayor and Members of the City Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

April 18, 2016
Sarasota, Florida

Certified Public Accountants

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MANAGEMENT LETTER

MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Bartow, Florida (the City), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated April 18, 2016. Our report includes a reference to other auditors who audited the financial statements of the police officers' pension plan and the firefighters' pension plan, as described in our report to the City's financial statements. This report does not include matters related to these separate audits.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated April 18, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City has disclosed this information in the notes to the financial statements.

Certified Public Accountants

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The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

MANAGEMENT LETTER
(Continued)

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of the City provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the City in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we do not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

The Honorable Mayor and
Members of the City Commission
City of Bartow
Bartow, Florida

MANAGEMENT LETTER
(Concluded)

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the professionalism and courtesies which were extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.

Purvis, Gray and Company, LLP

April 18, 2016
Sarasota, Florida